

# Washington, Wednesday, April 19, 1944

Regulations
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# TITLE 5-ADMINISTRATIVE PERSONNEL

Chapter I-Civil Service Commission [Civil Service Rule VII, Amendment]

PART 7-CERTIFICATION

POSITIONS-FOR WHICH PROBATIONARY PERIOD EXTENDED TO ONE YEAR

§ 7.2 Original appointment and com-

petitive promotion procedure. (3) Probationary appointment. A person selected for appointment shall be duly notified by the appointing officer and upon accepting and reporting for duty shall receive from such officer a certificate of probational appointment. The first 6 months of service under this appointment shall be a probationary period, but the Commission and the department concerned may by regulation fix a longer probationary period for any specified positions. If and when, after a full and fair trial, the conduct or capacity of the probationer is not satisfactory to the appointing officer, the probationer may at any time thereafter during this period be so notified in writing, with a full statement of reasons, and this notice shall terminate his service. Efficiency-rating reports of all probationers shall be filed periodically within the department at such times and in such form as the regulations of the Commission shall provide. If at the end of the probationary period the probationer's service rating has been satisfactory, to the extent required by regulation, a certificate to that effect filed within the department and his retention in the service shall confirm his absolute appointment. If, however, his service rating has been unsatisfactory as so provided, his service shall be terminated at the end of the probationary period.

POSITIONS FOR WHICH THE PROBATIONARY PE-RIOD WAS BY REGULATION EXTENDED TO ONE YEAR

Position	Effective date
Agriculture: Positions in grades CAF-5 and above.	Feb. 6, 1941
Positions in grades SP-6	Do.
and above.  Positions in grades P-1 and, above.	Jan. 15, 1941

Positions r	OR WH	ICH THE	PRODATION	ARY PE-
RIOD WAS	BY RE	GULATION	EXTENDED	TO ONE
YEAR-CO	ntinue	di.		

FUSITIONS FOR WAICH THE FEO.	mandiani Er-
RIOD WAS BY REGULATION EXT YEAR—Continued	and or deduc
Position	Effective date
Civil Service Commission:	Jan. 15, 1941
Actuary, grades P-3 and P-5, Retirement Division.	-
Adjudicator, P-1, Retire- ment Division.	Do.
Junior administrative as-	Do.
sistant (statistician), CAF-7, Retirement Divi-	
sion. Civil service adviser, CAF-9,	Do.
Retirement Division.	70.
Claims examiner, grade CAF-5, Retirement Divi- sion.	Do.
Claims reviewer, grade	Do.
CAF-5, Retirement Division.	
Field civil cervice examiner.	Do. <sup>Q</sup>
grades CAF-5 through	
CAF-11, Office of Acco-	
clate Chief, Investigation	
Division.	
Investigator, Hatch Act In-	Do.
vestigation and Enforce-	
ment Section, Office of	
Associate Chief, Investi- gations Division.	
Legal adviser, grades P-4	Do.
and P-5, Retirement Di-	200
vision.	
Legal reviewer, CAF-7 and	Do.
CAF-9, Retirement Divi-	
sion.	
Librarian, P-3, Library	Feb. 23, 1941
Research assistant, P-2, Li-	Do.
brary.	
Medical Director, P-7	Apr. 21, 1841
Medical Division, all post-	Jan. 6, 1942
tions classified in the pro-	
fessional service, includ-	
ing that of accordate	
medical officer in the re-	
gional offices.	Do.
Junior and Senior rating board members, grades	LU.
CAF-7 through CAF-10,	
Office of Chief, Investiga-	
tions Division.	_
Professional and technical	Do.
examiners, grades P-1 or	
CAF-5 and above, Board	
of Appeals and Review,	
Examining and Perconnel	
Utilitization Division,	
and Research Division	
(this includes civil cerv-	
ice examiners, appeals ex-	

aminers, and oral exam-

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iners).

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REGISTER.

## NOTICE

The Cumulative Supplement to the Code of Federal Regulations, covering the period from June 2, 1938, through June 1, 1943, may be obtained from the Superintendent of Documents, Government Printing Office, at \$3.00 per book. The following are now available:

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	paperboard (L-11, I	at. 1)_	4131	State Technical Advisory		
	Exporters, records (CMP)	Reg. 1,		Service:		
	Int. 24)		4131	Chief of division, CAF-14	Jan. 2	2, 1941
	Furniture and furniture	parts:		Assistant Chief of division	D	0.
	remodeling by inclus			CAF-13.	-	_
	springs (L-260-a, In		4131	Junior examination assist-	D	0.
	Pine tar (M-300, Schedule		4132	ant, CAF-5.	D	٥.
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	Retirement Division.			Interior:		
	Statistician, grades P-1	Do.		Special agents, Division of	Jan. 2	8, 1941
	through P-3, Statistical			Investigations.		-
	Division.	-		Interior, Fish and Wildlife		,
	Trainee rating examiner,	Do.		Service:	_	_
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	Commerce, National Bureau of Standards:			Land negotiator series		00,
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	ice.		,	Fishery marketing specialist	D	00,
	©mmerce, Patents Office:			series.		
	Junior patent examiner	Do.		Engineering aide	D	ю.
	Employees' Compensation			Interior, Geological Survey:		
	Commission:	3 Fan 10	1041	Professional, scientific and	D	00.
	Attorney		1941	engineering field aid posi-		
	Claims examiner Investigator	Do. Do.		tions.		
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	and Drug Administration:			. Advisers		٥٥,
	Positions in the professional	Do.		Agricultural extension agent.		0.
	and scientific service.			Dairyman		0.
	Federal Security Agency, Of-	•		Dentist		)0. )0.
	fice of Education:	no	~	DietitianEducation field agent		10.
	Positions in the professional and scientific service.	Do.		Farm agent		00,
	Federal Security Agency, St.			Farmer	-	0.
	Elizabeths Hospital:			Field nurse		10,
		Mar. 27,	1941	Home extension agent	, D	ю,
-	Federal Security Agency, Social			Medical technician		ю
	Security Board, Bureau of			Nurse		0,
	Accounts and Audits:			Physician		0,
	Accountant, CAF-11		1941	Principals		ю. ю.
	Assistant constructive ac-	Do.		Social workers	_	ιο. Ιο.
	countant, CAF-9. Federal Security Agency, Social			. Teacher	_	ю.
	Security Board, Bureau of			Teachers and instructors	Ď	
	Old Age and Survivors In-			Interior, Bureau of Mines:		
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	Junior field assistant, CAF-	Do.		Interior, National Park Service:	-	
	3.			Park policemen	Ð	٥,
	Federal Security Agency, Social	,		Interstate Commerce Commis-		
	Security Board, Office of			sion:	Jan. 10	5. 10/1
	the Executive Director,			Inspector of locomotives Justice, Federal Prison Serv-	vam 10	ni Yazr
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	Executive assistant, CAF-	Do.		Senior cook	D	٥.
	12 and 13.	_	C	Junior custodial officer		0.
	Regional director, CAF-14_	Do.		Junior farmer	Ď	
	Territorial director, CAF-	Do.		Farm manager	Ď	
	12 and 13.			Assistant farm manager	D	U.
-						

Positions for Which the Pro- RIOD WAS BY REGULATION EXT	BATIONARY PE- TENDED TO ONE
YEAR—Continued	ENDED 10 ONE
Position	Effective date
Justice, Federal Prison Serv- ice—Continued.	
Junior officer-mechanic Warden	Jan. 15, 1941 Do.
Associate warden	Do.
Justice, Immigration and Naturalization Service:	_
Immigrant Inspector Immigration patrol inspec-	Do. Do.
tor. Naturalization examiner	Do.
Labor: Positions in grades CAF-9	Do.
and above.  Positions in grades P-3 and	Do.
above. Labor, Bureau of Labor Sta-	20.
tistics:	De
Assistant economist (field representative) P-2.	
Junior field representative, P-1.	Do.
Labor Children's Bureau: Assistant accountant and	Do.
auditor, CAF-7. Assistant child labor in-	Do.
Assistant child labor in- sector, P-2. Assistant in child labor in-	Do.
spection, P-2.	Do.
Assistant in employment certification, P-2. Labor, Division of Labor	20.
Standards:	
Assistant field representa- tive, CAF-7 (apprentice-	Do.
ship standards). Labor. Division of Public	
Contracts: Assistant investigator,	Do.
CAF-7. Junior investigator, CAF-5.	Do.
Labor, Wage and Hour Divi- sion:	
Inspector, CAF-7 Junior inspector, CAF-5	Do. Do.
Labor, Women's Bureau:	
Assistant economic analyst (Division of Field Inves-	Do.
tigation), P-2.  Junior investigator, CAF-5	Do.
Labor, Office of the Director of Personnel:	
Assistant personnel clerk as a trainee position, CAF-3.	Do.
Maritime Commission: Construction inspection	Mar. 13, 1941
trainee (machinery) P-1.	•
Construction inspection trainee (naval archi-	Do.
tect), P-1.	Do.
Junior marine engineer, P-1.	
Junior naval architect,	Do.
National Labor Relations Board:	,
Secretary, \$4600 and above Chief administrative ex-	Aug. 7, 1941 Do.
aminer, \$4600 and above. Special examiners, \$4600 and	Do.
above. Administrative examiners,	Do.
\$3800 and above. Election examiners, \$3200	Do.
and above.	
Trial examiners, \$4600 and above.	
Associate general counsels, \$4600 and above.	Do.
Assistant general counsels, \$4600 and above.	_
Attorneys, \$2000 and above Regional directors, \$4600 and	Do. Do.
above. Field examiners, \$2000 and	
above.	

Positions for Which the RIOD WAS BY REGULATION YEAR—Continued	
Position	Effective date
Post Office Department:	mt_ Amm 1 1011

Laborers at railway termi- Apr. 1, 1941 nals or transfer offices. State Department: Junior geographer\_\_\_\_ Apr. 15, 1941 Tariff Commission: Commercial policy analyst, Jan. 15, 1941 grades P-4 and above. Commodity specialist, grades Do. P-4 and above. Economist, grades P-4 and Do. above. Executive positions, grades P-4 and above. Do. Treasury: Economic analyst (all Do. grades). Economist (all grades) ..... Treasury, Bureau of Internal Revenue: Engineer revenue agent (all Do. grades). Junior inspector, CAF-4, Al-Do. cohol Tax Unit. Internal revenue agent (all Do. grades). Investigator, Alcohol Tax Unit, CAF-7. Special agent (junior and Alcohol Tax Do. Do. senior grades). Storekeeper-gauger, CAF-5... Do. Chief, Field Division, Office Oct. 1, 1941 of Collector of Internal Revenue. Assistant chief, Field Di-vision, Office of Collector Dэ. of Internal Revenue. Deputy Collector of Internal Revenue (field). Do. Treasury, Eurcau of Narcotics: Narcotic agent, CAF-7\_\_\_\_ Jan. 15, 1941 narcotic agent, Do. Junior CAF-5. Narcotic inspector, CAF-7 ... Do. Treasury, U. S. Secret Service: Agent, grades CAF-5 to CAF-Do. 8, inclusive. Veterans' Administration: Aide (all grades)

Attendant (all grades)

Blo-chemist Do. Do. Do. Clinical laboratorian expert. Do. Clinical photographer\_\_\_\_ Do. Dental assistant Do. Dental mechanic\_. Do. Dentists (all grades)

Dietitian (all grades)

Headwaiter

Laboratorian (all grades) Do. Do. Do. Do. Laboratory assistant\_\_\_\_\_ Do. Do. Librarian (all grades)\_\_\_\_\_ Do. Medical Statistician\_\_\_\_\_ Do. Nurse (all grades)\_\_\_\_\_ Oral hygienist\_\_\_\_\_Orthopedic mechanic\_\_\_\_ Do. Do. Pharmacist (all grades) \_\_\_\_ Do. Do. Physical director\_\_\_\_ Do. Physician (all grades) \_\_\_\_\_ Social worker (all grades) ---Do. Do. Undertaker. Assistant dental mechanic \_\_ Apr. 23, 1941

War Department, Air Corps Technical Training Command:

Instructors (all types)...... War Department, Military In-telligence Division, Infor-\_\_ Jan. 2, 1942

mation Control Branch: Positions in the mail cen- Dec. 27, 1941

sorship program.

War Department, Signal Corps: Cryptanalyst (all grades)\_\_\_ Mar. 18, 1941

Nozz: For appointments made on and after January 16, 1940, and before November 7, 1940, the probationary period was regarded as having been completed on January 18, 1941, or upon the completion of six months cervice, whichever was later, unless the probation for the position had been fixed for a longer period by regulation.

When an employee had served only a partion of the probationary period and was granted a furlough or leave without pay, the probationary period was extended for the period of time the employee was in a nonpay status, which means that an employee must have cerved in a pay status for the total

Norm: Except as probationary.

Norm: Except as probationary.

39 U.S.C., 614, the period of probation of substitute employees in the postal field service was baced on hours of service and not on calendar months. Such employees completed their probationary periods after 1224 hours were actually cerved. Those substitute employees who served 1224 hours or more but less than 2448 hours from the date of appointment to January 15, 1941, had completed their probation. (Appointments to positions in the postal carvice except Postmaster were by Executive Order No. 9378 of September 23, 1943, made subject, effective October 23, 1943, to the War Service Regulations which appear in Part 18 of this Title.)

By the United States Civil Service Commission.

[SEAL] H. B. MITCHELL. President.

[F R. Doc. 44-5454; Filed, April 18, 1944; 10:10 a. m.]

TITLE 10-ARMY WAR DEPARTMENT Chapter VIII-Procurement and Disposal of Equipment and Supplies

### RESEGUTATION REGULATIONS

CROSS REFERENCE: For Renegotiation Regulations issued by the War Contracts Price Adjustment Board, see Title 32, Chapter XIV infra.

# TITLE 13-BUSINESS CREDIT

Chapter I-Reconstruction Finance Corporation

### RENEGOTIATION REGULATIONS

CROSS REFERENCE: For Renegotiation Regulations issued by the War Contracts Price Adjustment Board, see Title 32, Chapter XIV, infra.

# TITLE 29-LABOR

Subtitle A-Office of the Secretary of Lahor

PART 4-DETERMINATIONS RELATING TO OVERTIME, SUNDAY, AND HOLIDAY PAY

PREMIUM COMPENSATION IN BUILDING AND CONSTRUCTION TRADES

Amendment of Determination of September 30, 1942, as amended, on pre-mium compensation in the building and construction trades.

The determination of the Secretary of Labor issued September 30, 1942 (7 F.R. 7801) pursuant to Executive Order 9248, provides that the terms of Executive Order 9240 entitled "Regulations Relating to Overtime Wage Compensation" shall not apply to work on construction projects which is subject to the Wage Stabilization Agreement of July 22, 1941,

entered into between certain Government agencies engaged in defense construction and the Building and Construction Trades Department of the American Federation of Labor. This stabilization agreement applies to any contract work done for or through any federal agency for defense purposes within the continental limits of the United States and the Panama Canal Zone. Executive Order 9240, however, applies to all work relating to the prosecution of the war in the United States, its territories and possessions.

Upon investigation I have determined that the differences in the definition of work subject to the Executive Order, the Determination, and the Stabilization Agreement have created operating problems in the industry and that the nature and exigencies of operations in this industry make it necessary and advisable for the successful prosecution of the war that my Determination of September 30, 1942, as amended, be amended to provide for more uniform application of the rules on the payment of premium and overtime wage compensation.

Now, therefore, by virtue of the power vested in me by Executive Order 9248, It is ordered, for the duration of the war, that the Determination of the Secretary of Labor, issued September 30, 1942, which provides that Executive Order 9240 shall not apply to any contract work done for or through any federal agency for defense purposes within the continental limits of the United States and the Panama Canal Zone is extended to exempt from Executive Order 9240 all other work in the Building and Construction Industry performed by employees at the site of construction, provided that such work is performed under the following conditions, which are now in effect for all construction work exempted from Executive Order 9240 by my Determination of September 30, 1942, as amended:

Where a single shift is worked, eight hours of continuous employment, except for lunch periods, shall constitute a day's work beginning on Monday and through Friday of each week. Where work is required in excess of eight hours on any one day or during the interval from 5:00 p. m. Friday to 7:00 a. m. Monday, or on holidays, such work shall be paid for at 1½ times the basic rate of wages.

Where two or more shifts are worked, five days of 7½ hour shifts from Sunday midnight to Friday midnight, shall constitute a regular week's work. The pay for a full shift period shall be a sum equivalent to eight times the basic hourly rate and for a period less than the full shift shall be the corresponding proportional amount which the time worked bears to the time allocated to the fall shift period. Any time worked from Friday midnight to Sunday midnight or in excess of regular shift hours shall be paid for at 1½ times the basic rate of wages.

Any work not subject to the provisions of Executive Order 9240 pursuant to this order shall be subject to the amendment of my Determination of September 30, 1942, issued May 22, 1943, which limits holidays in this industry to New Year's

Day, Fourth of July, Labor Day, Thanksgiving Day, Christmas Day, and Memorial Day.

All questions of interpretation and application arising hereunder shall be referred for determination to the Wage Adjustment Board for the Building and Construction Industry.

This order shall become effective April 17, 1944.

Dated: April 11, 1944.

Frances Perkins, Secretary of Labor.

[F. R. Doc. 44-5480; Filed, April 18, 1944; 11:22 a. m.]

### TITLE 32-NATIONAL DEFENSE

Chapter III-Bureau of Mines

PART 301—CONTROL OF EXPLOSIVES AND THEIR INGREDIENTS IN TIME OF WAR OR NATIONAL EMERGENCY

### MISCELLANEOUS AMENDMENTS

Pursuant to the authority conferred by section 18 of the act of December 26, 1941 (55 Stat. 863), as amended, §§ 301.2 (b) and (c), 301.3 (b) (1), 301.20 (d) and 301.24 (a) of the regulations under the Federal Explosives Act heretofore promulgated are hereby amended.

Sections 301.2 (b) and (c) and 301.3 (b) (1) shall read as follows:

§ 301.2 Definitions. \* \* \*

(b) The terms "explosive" and "explosives" mean any of the following chemical compounds or mechanical mixtures:

Amatol (mixture of ammonium nitrate and trinitrotoluene).

Ammonal (mixture of ammonium nitrate, trinitrotoluene, and powdered aluminum, with or without other ingredients).

Black powder—all forms (except in completely assembled cartridges for small arms or shotguns).

Caps, blasting (fuse and electric types), detonating—all classes except percussion caps and small arms primers.

Detonators, Dynamites.

Fireworks—all kinds.

Fulminates.

Fuse of all varieties, used in connection with

setting off explosives.
Guncotton (see "nitrocellulose").

Gunpowder and gunpowder mixtures (except in completely assembled cartridges for

small arms or shotguns). Hexanitrodiphenylamine (dipicrylamine, hexamine).

Nitrocellulose exceeding 12.2 percent nitrogen. Nitroglucose.

Nitroglycerine (except in pharmacopoeia solution, or in form of pills, or granules, containing not more than one-fiftieth of a grain each, for pharmaceutical purposes). Nitroglycol (dinitroglycol, ethyleneglycol dinitrate).

Nitromannite (mannitolhexanitrate, except in form of pills or granules containing not over three-fourths of a grain each of nitromannite, for pharmaceutical purposes). Nitrostarch.

Nitrosugar. Permissible explosives.

<sup>1</sup>7 F.R. 305, 1103, 1976, 3876, 4758, 5901, 8175, 9606; 8 F.R. 1343, 3080, 4141, 15313; 9 F.R. 1502, 3006.

Pentaerythritetetranitrate (penthrito or pentrite, PETN).

Picrates.

Picric acid (except in solutions not exceeding 1.25 percent at normal or room temperature, for medicinal use, in quantities not exceeding 8 fluid ounces of such solution). Potassium nitrate powders (black saltpeter powder and nitre).

Schneiderite (mixture of ammonium nitrate and dinitronapththalene, with or without

other ingredients).

Smokeless powder (except in completely assembled cartridges for small arms or shotguns.

Sodium nitrate powders (black soda powder). Squibs.

Styphanates.

Tetryl (trinitrophenylmethylnitramine, tetranitromethylaniline, tetralite, pyronite). Tetranitroaniline (TNA).

Tetranitronaphthalalene.

Trimethylenetrinitramine (hexogen, T4, cyclonite).

Trinitroanisol (methyl picrate, trinitrophenylmethyl ether).

Trinitrocresol (crysylite). Trinitrotoluene (triton, TNT). Trinitroxylene (TNX).

(c) The terms "ingredient" and "ingredients" mean any of the following chemicals (except in tablet, capsule or liquid form for medicinal purposes):

Chlorates:
Ammonium.
Barium.
Potassium.
Sodium.
Liquid air.
Liquid oxygen.
Nitrates:
Ammonium.
Potassium.
Sodium.
Perchlorates:
Perchloric acld and salts.

Phosphorus.

§ 301.3 Application of act and regulations; exceptions. \* \* \*

(b) Explosives and ingredients excepted—(1) Ingredients in small quantities. Ingredients in small quantities and not used or intended to be used in the manufacture of explosives. The meaning of the term "small quantities" as used in this section is dependent upon the type of the ingredient and the classification of the person acquiring it, according to the following table:

Type of Ingredient (of Each) and Classifiacation of Person Acquiring Ingredient

Meani	
Chlorate: "small qu	
Industrial users	225 lbs.
Colleges, universities	50 1bs.
Wholesalers	25 lbs.
High schools, hospitals, industrial	
research laboratories	10 lbs.
Druggists	2 1bs.
Others	1/4 1b.
Nitrate:	/4
Industrial users	200 lbs.
Colleges, universities, wholesalers.	60 lbs.
High schools, druggists	10 lbs.
Others.	5 1bs.
Perchlorate:	o ins.
Industrial users, industrial research	
laboratoria	446.11
laboratories	140 lbs.
Colleges, universities	70 lbs.
Wholesalers	10 lbs.
Druggists, high schools, hospitals.	2 lbs,
Others	14 lb.
Phosphorus:	
Industrial users	50 lbs.
Wholesalers, colleges, universities.	10 lbs.
Industrial research laboratories.	
high schools, hospitals	2 1bs.
Others	1/4 lb.
	14 700

Section 301.20 (d) is amended by changing the reference "§ 301.17 (a)" in the seventh sentence to "§ 301.24 (c)."

Section 301.24 (a) is amended by deleting the words "and percussion" in the second sentence.

R. R. SAYERS, Director.

Approved: April 10, 1944.

Michael W. Straus,

Assistant Secretary,

Department of the Interior.

[F. R. Doc. 44-5469; Filed, April 18, 1944; 10:24 a. m.]

# Chapter IX—War Production Board Subchapter B—Executive Vice-Chairman

AUTHORITY: Regulations in this subchapter issued under sec. 2 (a), 54 Stat. 676, as amended by 55 Stat. 236 and 56 Stat. 176; E.O. 9024, 7 F.R. 329; E.O. 9125, 7 F.R. 2719; W.P.B. Reg. 1 as amended March 24, 1943, 8 F.R. 3666, 3696; Pri. Reg. 1 as amended May 15, 1943, 8 F.R. 6727.

PART 1010—Suspension Orders [Suspension Order S-483]

## RALEIGH COCA-COLA BOTTLING WORKS

Raleigh Coca-Cola Bottling Works is a corporation engaged, among other things, in the bottling and distribution of non-alcoholic beverages, at Beckley, West Virginia, with a branch at Mullens, West Virginia. The company used 27,612 gross of new closures made of restricted materials for the period from June 1, 1942 to June 30, 1943, in excess of the quota permitted under the provisions of Conservation Order M-104, as then in effect. The company failed to keep and preserve accurate and complete records of closures used which were subject to the limitations of Order M-104. This constituted a violation of Priorities Regulation No. 1.

The responsible officers of the company were familiar with the provisions of the orders and regulations of the War Production Board, which govern the operations of the company, and its conduct constituted grossly negligent violations of Order M-104 and Priorities Regulation No. 1. As the result of these violations scarce materials have been diverted from the war effort to uses not authorized by the War Production Board, and the war effort of the United States has been hampered and impeded. In view of the foregoing, it is hereby ordered,

§ 1010.483 Suspension Order No. S-483. (a) Raleigh Coca-Cola Bottling Works, its successors and assigns, shall during the calendar year of 1944, reduce its use of new closures made of restricted materials to be affixed to glass containers for non-alcoholic beverages by 27,612 gross, under the quota it would otherwise be entitled to use in such a period, as defined by Limitation Order L-103-b, which on January 4, 1944, superseded Conservation Order M-104, controlling the use of such closures. Any exceptions to this reduction in use must be specifically authorized in writing by the War Production Board.

(b) Nothing contained in this order shall be deemed to relieve the Raleigh Coca-Cola Bottling Works, its successors or assigns, from any restriction, prohibition or provision contained in any other order or regulation of the War Production Board, except insofar as the same may be inconsistent with the provisions hereof.

(c) This order shall take effect on April 17, 1944, and shall expire on Dacember 31, 1944.

Issued this 10th day of April 1944.

War Production Board, By J. Joseph Whelam, Recording Secretary.

[F. R. Doc. 44-5457; Filed, April 17, 1944; 4:25 p. m.]

PART 990—CHLORINE IN PULP, PAPER AND PAPERBOARD

[General Limitation Order L-11, Interpretation 1]

The following interpretation is issued with respect to General Limitation Order L-11:

Meaning of specific restrictions relating to pulp. Paragraphs (c) (2) and (c) (3) of Order I.—11 are interpreted to mean that the brightness of any individual batch, where a batch system is used, or the average of any eight-hour period, where a continuous system is used, shall not exceed 74 for bleached sulphite, bleached sulphate or waste paper when used for conversion into bleached papers—or 70 for bleached soda pulp.

pers-or 70 for bleached coda pulp.

Meaning of specific restrictions relating to paper and paperboard. In the tabulation under paragraph (d) (1), "gumming" grade of paper and paperboard, listed under "Book" Division of Industry, may be made not to exceed brightness of 68. There is no restriction against using any type of bleached pulp in this grade.

in this grade.

Listed under Sulphite and Bleached Kraft
Division of Industry, "M. F. and M. G. Waxing" may be made not to exceed brightness
of 67. There is no restriction against using
any type of bleached pulp in this grade.

any type of bleached pulp in this grade.

Effect of elimination of certain pulps from specified grades of paper and fuperband. The terms of paragraph (e) provide that pulp bleached with Chlorine shall be eliminated from gummings and tape, and waxings, under "Kraft" Division of Industry. This restriction is interpreted as referring only to "unbleached" grades, as distinguished from "Book," "Sulphite" or "Bleached Kraft" grades.

Issued this 18th day of April 1944.

War Production Board, By J. Joseph Whelan, Recording Secretary.

[F. R. Doc. 44-5479; Filed, April 18, 1944; 11:14 a. m.]

PART 3175—REGULATIONS APPLICABLE TO THE CONTROLLED MATERIALS PLAN [CMP Reg. 1, Interpretation 24]

RECORDS OF EXPORTERS

The following interpretation is issued with respect to CMP Regulation 1:

Paragraph (y) (3) of CAP Regulation No. 1 requires each prime consumer to retain for two years all documents on which he relies as entitling him to make or receive an allotment or to deliver or accept delivery of controlled materials or Class A products. The Foreign Economic Administration and its predecessors, the Economic Warfare and the Office of Economic Warfare, have since the inctitution of the Controlled Materials Pian made allotments of controlled materials to experters for export by endorsing appropriate legends upon export licenses. The original of every export license, however, is required by other Government regulations to be currendered to export officials at the time of shipment. Consequently, persons who receive their assignments and preference ratings on export licenses are not in a position to retain the original of the export license, and thus are not required to do so by paragraph (y) (3) except only in those cases where other Government regulations do not require the surrender to the Government of the documents referred to.

Issued this 18th day of April 1944.

War Peoduction Board, By J. Joseph Whelam, Recording Secretary.

[F. R. Doc. 44-5477; Filed, April 18, 1944; 11:14 a. m.]

PART 3175—REGULATIONS APPLICABLE TO THE CONTROLLED MATERIALS PLAN

[CMP Reg. 5, Interpretation 13]

STAVES, HEADING, AND HOOPS

The following interpretation is issued with respect to CMP Regulation 5:

(a) Ferrons manufacturing wooden staves, heading, and hoops for barrels are included under the item "logging operations, saw mills, veneer mills, plywood mills, planing mills, chingle mills, and dry kilns operated in connection with saw mills" appearing in Schedule I of the regulation. They are, therefore, entitled to use the allotment symbol MRO and the preference rating AA-1 in buying MRO.

(b) Persons who make barrels as such are engaged in manufacturing "containers, all types except fibre containers, gas cylinders and ton containers, and nailed weeden boxes and crates", which appears in Schedule II of CMP Regulation 5. They may use, therefore, the MRO symbol and preference rating AA-2 in buying MRO. A person who makes both staves and barrels must segregate his purchases, unless impracticable to do so as explained in paragraph (e) of the regulation.

Issued this 18th day of April 1944.

War Production Board, By J. Joseph Whelan, Recording Secretary.

[F. R. Doc. 44-5478; Filed, April 18, 1944; 11:14 a. m.]

PART 3291—Consumers Durable Goods [General Limitation Order L-260-3, Interpretation 1]

FURNITURE AND FURNITURE PARTS; REMODEL-ING BY INCLUSION OF SPRINGS

The following interpretation is issued with respect to General Limitation Order L-260-a:

Since the revecation of Order L-135 on January 14, 1944, some question has arisen in connection with the remodeling of padded or upholatered furniture produced prior to that date without springs.

A percon who remodels such a completely finished and upholstered item of padded fur-

niture by the mere inclusion of upholstery springs is not engaged in the production of upholstered furniture within the meaning of Order I.—260-a, nor is he a "reconditioner" or "repairman" under CMP Regulation No. 9A. However, if a person adds springs to an item of furniture which had not been completely finished and upholstered prior to that date, he is a manufacturer and subject to the restrictions of that order.

Only a limited number of springs are available for this purpose. To the extent that a spring distributor has upholstery springs available which are not required to fill rated orders, he may sell them on un-

rated orders.

Issued this 18th day of April 1944.

WAR PRODUCTION BOARD,
By J. JOSEPH WHELAN,
Recording Secretary.

[F. R. Doc. 44-5476; Filed, April 18, 1944; 11:14 a. m.]

PART 3293—CHEMICALS

[General Allocation Order M-300 Schedule 14]

### PINE TAR

§ 3293.1014 Schedule 14 to General Allocation Order M-300. (a) Definition. "Pine tar" means the liquid pine tar and tar oil, of all grades and weights which is obtained by distillation of pine wood by the retort or kiln process.

(b) General provisions. Pine tar is subject to allocation under General Allocation Order M-300, as an Appendix A material. The initial allocation date is May 1, 1944. The allocation period is the calendar month. The small order exemption is five gallons per person per

month.

(c) Special exemption. Any producer who produces less than 500 gallons in any month after the initial allocation date, except by toll arrangement, and any person who purchases pine tar from such a producer shall be exempt for that month from the requirement of obtaining authorization from the War Production Board for the delivery, acceptance of delivery or use of any pine tar so produced or of any stocks of pine tar in the hands of such producer on the initial allocation date.

(d) Suppliers' applications on Form WPB-2946. (1) Each supplier seeking authorization to use or deliver pine tar shall file application on Form WPB-2946 (formerly PD-601) on or before the 20th day of the month preceding the month in which delivery or use is proposed.

(2) Form WPB-2946 should be completely filled in. The unit of measure is

gallons,

(3) List individually the names of customers who have ordered more than the quantity permitted for small orders. No such order shall be listed or filled unless the customer has filed with the supplier the required Form WPB-2946. An aggregate quantity may be requested for "small orders" without listing the names of the individuals placing the small orders.

(4) Normally the War Production Board will issue its authorizations and directions for delivery by returning Form WPB-2946 to the supplier showing the amount which may be delivered to each customer and the aggregate amount which may be delivered to fill small orders.

(e) Customers' applications on Form WPB-2945. (1) Each person seeking authorization to use or accept delivery of pine tar shall file application on Form WPB-2945 (formerly PD-600) on or before the 15th day of the month preceding the month in which acceptance of delivery or use is proposed. Form WPB-2945 should be completely filled in. The unit of measure is gallons. Three copies (one certified) should be sent to the War Production Board, Chemicals Bureau, Washington 25, D: C., Ref: M-300-Schedule 14; one copy should be sent to the supplier; and one copy should be retained.

(2) Normally the War Production Board will issue its authorizations and directions for acceptance of delivery or use by returning Form WPB-2945 showing the amount of pine tar which may be accepted or used during the month.

(f) Communications to War Production Board. Reports and communications concerning this schedule shall, unless otherwise directed, be addressed to War Production Board, Chemicals Bureau, Washington 25, D. C., Ref: M-300, Schedule 14.

Note: Forms WPB-2945 and WPB-2946 and the instructions in this schedule and in the appendices of Order M-300 for applications and reports regarding pine tar have been approved by the Bureau of the Budget in accordance with Federal Reports Act of 1942.

Issued this 18th day of April 1944.

War Production Board,
- By J. Joseph Whelan,
Recording Secretary.

[F. R. Doc. 44-5475; Filed, April 18, 1944; 11:14 a. m.]

Chapter XI—Office of Price Administration

PART 1315—RUBBER AND PRODUCTS AND MATERIALS OF WHICH RUBBER IS A COM-PONENT

[RO 1A,1 Amdt. 73]

TIRES, TUBES, - RECAPPING AND CAMELBACK

A rationale for this amendment has been issued simultaneously herewith and has been filed with the Division of the Federal Register.\*

Ration Order No. 1A is amended in the following respects:

- 1. Section 1315.503 (a) is amended to read as follows:
- (a) Determination of uses of vehicle.
  (1) The Board shall determine the pur-

poses for which the applicant uses his vehicle as a basis for ruling on the applicant's tire eligibility.

 (2) The applicant must establish the same facts as are required by § 1394.7704
 (a) of Ration Order No. 5C for the allowance of occupational mileage.

(3) In the case of gasoline-operated vehicles, the Board shall reconsider the gasoline ration issued for use with the passenger automobile, pursuant to § 1394.8110 of Ration Order No. 5C.

2. Section 1315.503 (b) (1) (iii) is added to read as follows:

- (iii) To an applicant who obtains gasoline for his vehicle against an Acknowledgment of Delivery (Form OPA R-544 revised), pursuant to § 1394.7952 of Ration Order No. 5C, if he establishes that the vehicle for which application is being made will be operated for one or more of the purposes described in § 1394.7706 of Ration Order No. 5C. Application hereunder must be made within one month of the issuance of the Acknowledgment of Delivery Form to the applicant.
- 3. Section 1315.503 (b) (2) exclusive of the paragraph listing the obsolete size tires, is amended to read as follows:
- (2) Obsolete size and motorcycle tires. A certificate for a Grade I tire of an obsolete size or a motorcycle tire (new or used at applicant's option) may be issued to replace an obsolete size tire or a motorcycle tire which cannot be recapped either because of its physical condition or the lack of recapping facilities, but only if:

(i) In the case of a passenger automobile, a valid supplemental gasoline

ration is outstanding;

(ii) In the case of a motorcycle, any of the purposes for which the vehicle is used constitute occupational mileage as defined in § 1394.7551 (a) (27) of Ratjon Order No. 5C;

- (iii) In the case of a passenger automobile operated on a non-highway ration or with a fuel other than gasoline, any of the purposes for which the vehicle is used constitute occupational mileage as defined in § 1394.7551 (a) (27) of Ration Order No. 5C.
- 4. Section 1315.504 (b) is amended to read as follows:
- (b) Importance to war effort, public health or safety, and community welfare. When application is made for a tire other than the sizes and types of tires for which eligibility is provided under § 1315.505 (b) (1), the functions to be performed by the use of the tire are essential to the war effort, the public health or the public safety; when application is made for any other tire for a commercial motor vehicle, the functions to be performed by the use of the tire will contribute to the welfare of the community. The applicant's need alone, no matter how pressing, shall not be a basis for granting a certificate; and
- 5. The proviso following § 1315.505 (a) (14) (v) is amended to read as follows:

<sup>\*</sup>Copies may be obtained from the Office of Price Administration.

<sup>&</sup>lt;sup>1</sup>8 FR. 9752, 1079, 10085, 10264, 10430, 10733, 11480, 11481, 11952, 11846, 12013, 12711, 13247; 13293, 1337, 13845, 13706, 13846, 13395, 14049, 14737, 15523, 16245, 16246, 16695, 16894, 17326; 9 FR. 89, 692, 1317, 1396, 1710, 1817, 2476, 2790, 3340.

Provided, however, That no certificate shall be issued under § 1315.505 (a) for a commercial motor vehicle used:

First: for transportation to the ultimate consumer of the property described in subdivisions (iv) and (v) for personal, family, or household use;

Second: for transportation to any person of alcoholic beverages, soft drinks and similar beverages, tobacco products, ice cream, confections, candy, flowers, toys, novelties, jewelry, furs, radios, phonographs, musical instruments, or

any luxury goods; or

Third: for furnishing transportation for incidental maintenance service or for the purpose of installing or repairing any such effects, equipment, furniture or machines as are portable, or for the purpose of providing materials of service solely for landscaping or beautification of any construction project or other establishment; except when such transportation is accomplished either without diverting an otherwise eligible vehicle from the route or schedule required in transportation exclusively for any of the purposes described in § 1315.505 (a), or by a common carrier which meets the requirements of § 1315.505 (a) (13).

- 6. Section 1315.505 (b) is amended to read as follows:
- (b) List B. (1) A certificate for a new or used truck tire of a size smaller than 7.50-20 except a new truck tire of the size  $7.00-20/32 \times 6$  (ten-ply), for any grade of passenger tire, or for a new tube may be granted for a commercial motor vehicle which meets the applicable conditions of §§ 1315.501 and 1315.504 and which is used exclusively by medical or dental laboratories, or for the transportation of apparel by dry cleaners, or for the transportation of laundry, drugs, medicinal supplies or essential food. The incidental transportation of other property simultaneously with any of the aforesaid commodities shall not remove eligibility if it involves no diversion from the vehicle's normal route or schedule.
- (2) A certificate for a used truck tire of a size smaller than 7.50-20, a Grade III tire, a Grade I obsolete tire or a new tube may be granted for any commercial motor vehicle which meets the applicable requirements of §§ 1315.501 and 1315.504.
- 7. Section 1315.505 (c) is amended to read as follows:
- (c) Replacement of recappable tire rearcass. In any area where recapping facilities are unavailable or inadequate, an applicant may be granted a certificate for the tire to which he would otherwise be eligible under paragraphs (a) or (b) of this section, even though the tire to be replaced is recappable.
- 8. Section 1315.506 (a) (1) is amended to read as follows:
- A farm tractor or other farm implement.
- (i) A certificate for a rear-wheel tractor tire, for a front-wheel tractor or implement-type tire, or for a Grade III tire

may be issued for farm tractors or other farm implements. However, if a tire of the types which may be purchased on this certificate is not available, the Board may issue a certificate for a Grade I tire or a used truck-type tire.

- (ii) In any area where recapping facilities are unavailable or inadequate, an applicant may be granted a certificate for a front-wheel tractor or farm implement or Grade III tire, even though the tire to be replaced is recappable.
- 9. The text of § 1315.611 (c) is amended by substituting a comma for the period at the end of the text and adding the following phrase: "except that the following variances are permitted:"
- 10. Section 1315.611 (c) (1) is hereby revoked.
- 11. Section 1315.611 (c) (3) is amended to read as follows:
- (3) Any dealer may, in exchange for a certificate for a Grade III tire, transfer to the holder thereof a Grade III tire of any size suitable for use on the vehicle for which the certificate was issued.
- 12. Section 1315.611 (c) (5) is amended to read as follows:
- (5) A dealer may, in exchange for a certificate for a front-wheel tractor or implement-type tire, transfer to the holder thereof a front-wheel tractor, implement-type, industrial-type or Grade III tire.
- 13. Section 1315.611 (c) (6) is added to read as follows:
- (6) Any dealer may, in exchange for a certificate for a passenger-type tire of sizes 4.25–12 or 4.50–12, transfer to the holder thereof a new 4.00–12 implement-type tire.

This amendment shall become effective April 21, 1944.

(Pub. Law 671, 76th Cong. as amended by Pub. Laws 89, 421 and 507, 77th Cong.; E.O. 9125, 7 F.R. 2719, issued April 7, 1942, WPB Dir. No. 1, 7 F.R. 562, Supp. Dir. No. 1Q, 7 F.R. 9121)

Issued this 17th day of April 1944.
CHESTER BOWLES,

[F. R. Doc. 44-5439; Filed, April 17, 1844; 11:57 a. m.]

Administrator.

PART 1351—FOOD AND FOOD PRODUCTS [MPR 511,1 Amdt. 1]

OATS, BARLEY AND GRAIN SORGHUMS

A statement of the considerations involved in the issuance of this amendment, issued simultaneously herewith, has been filed with the Division of the Federal Register.

Maximum Price Regulation 511 is amended in the following respects:

1. The following section in is added to read as follows:

<sup>1</sup>9 F.R. 1519.

SEC. 1a. Any contract for the sale or purchase of oats made and entered into prior to the effective date of this amendment which complies with provisions of Maximum Price Regulation 511 may be performed according to its terms until August 1, 1944.

- 2. Section 2 (a) is amended to read as follows:
- (a) Except as provided in paragraph (b) of this section and in sections 1 and 1a, this regulation shall apply to all sales, whether for immediate or future delivery, within the 48 states and the District of Columbia of the United States of imported and domestic oats, barley and grain sorghums; also to all purchases in the course of trade or business of Canadian Oats to be imported into the continental United States.
- 3. Section 4a is added to read as follows:

Sec. 4a. The maximum price per bushel, bulk, for the first purchase of any Canadian Oats grading No. 1 Feed Oats or better, Canadian Inspection, which are located in Canada and to be imported into the continental United States shall be as follows:

The maximum price per bushel, bulk, for any subsequent sale of such Canadian Oats imported or to be imported into the continental United States shall be:

(a) The appropriate price basis Cif Buffalo, New York, or on track at Duluth, Minnesota or Portland, Oregon, adjusted to reflect the transportation differential between the cost of delivering such oats from the Canadian point of origin to the first destination in the United States on the one hand, and the cost of delivering them Cif Buffalo, New York, or on track at Duluth, Minnesota or Portland, Oregon as the case may be, on the other hand, plus

(b) Additions normal to the trade for further transportation expenses, handling and service charges incurred in excess of those included in the above basic prices at first destination in the United States, and plus

(c) Markups normal to the trade.

This amendment shall become effective April 17, 1944.

(56 Stat. 23, 765; Pub. Law 151, 78th Cong.; E.O. 9259, 7 F.R. 7871; E.O. 9323, 8 F.R. 4621)

Issued this 17th day of April 1944.

CHESTER BOWLES, Administrator.

Approved: April 15, 1944.

GROVER B. HILL,

Acting War Food Administrator.

[F. R. Doc. 44-5448; Filed, April 17, 1944; 11:57 a.m.]

<sup>\*</sup>Copies may be obtained from the Office of Price Administration.

PART 1390—MACHINERY AND TRANSPORTATION EQUIPMENT

[MPR 136, as Amended, Amdt. 115]

MACHINES AND PARTS, AND MACHINERY SERVICES

A statement of the considerations involved in the issuance of this amendment, issued simultaneously herewith, has been filed with the Division of the Federal Register.\*

Maximum Price Regulation 136, as amended, is amended in the following respects:

- 1. Section 1390.5 (e) is revoked.
- 2. Section 1390.6 is added to read as follows:

Maximum 'manufacturers' prices for modified machines or parts-(a) Pricing formula. This section is applicable to any machine or part for which the manufacturer either had a published list price or an established price in effect on the base date, or for which he has established a list price in accordance with § 1390.13. For any such machine or part in which a substantial change in design, specifications, or equipment has been made and for which machine or part as modified a new maximum price has not been previously approved by the Office of Price Administration, the manufacturer's maximum price for the machine or part as modified shall be calculated as follows:

(1) The net increase or decrease in factory costs attributable to the change in design, specifications or equipment shall first be computed by using:

(i) Direct material cost determined by using material and parts prices which are not in excess of maximum prices established by the Office of Price Administration for such materials or parts. Where materials or parts are added and eliminated, prices in effect as of the same date shall be used both for the materials or parts added and the materials or parts eliminated.

(ii) Direct labor cost determined by using labor rates in effect on October 3, 1942. If after October 3, 1942, the manufacturer voluntarily or involuntarily granted a wage increase which was approved by the National War Labor Board, the manufacturer may use that higher wage rate. Also, if the manufacturer's establishment is exempted by the National War Labor Board, he may use current wage rates.

(iii) Factory overhead allocable to such direct material and/or direct labor costs, determined in accordance with the manufacturer's method of accounting and charged at the actual rate or rates in effect in his plant on the base date, or at the standard rate or rates, if any, consistently used by the manufacturer

\*Copies may be obtained from the Office of Price Administration,

for price determining purposes in the month which includes the base date, whichever is lower.

(2) The net increase or decrease in factory costs so calculated shall then be added to or subtracted from the maximum price to the class of purchasers commanding the lowest net price for the machine or part before modification. This computation provides the new maximum price for the machine or part as modified when sold to the class of purchasers commanding the lowest net price.

(3) The maximum price to every other class of purchasers shall then be calculated by applying to the new lowest net price the same percentage price differential as was in effect between the former lowest net maximum price and the former net maximum price to such other class of purchasers.

(b) Reports. Prior to, or within ten days after first quoting a price for any such modified machine or part, the manufacturer shall file a report with the Office of Price Administration, Washington 25, D. C., containing the following:

(1) The maximum price for the machine or part prior to modification.

(2) The maximum prices to jobbers, dealers, industrial users, government purchasers, and all other classes of purchasers as computed in accordance with paragraph (a).

(3) A detailed statement describing the changes in design, specifications or in equipment and explaining the calculation of the proposed maximum prices. The change in direct material costs, direct labor costs, and factory overhead costs due to the modification must be specified separately.

(c) Approval of prices. If the Office of Price Administration approves the proposed maximum prices or fails to disapprove them within thirty days after receiving such report, the proposed maximum prices shall become the maximum prices applicable to all subsequent sales and deliveries. However, if the Office of Price Administration later determines that such prices were not calculated in accordance with this section, such prices may be disapproved at any time. This disapproval will not be retroactive as to any deliveries made before the date of such disapproval. If the proposed makimum prices are at any time disapproved by the Office of Price Administration, the manufacturer shall file revised prices computed in accordance with paragraph (a), and the provisions of this section shall apply in all respects to such revised prices. In the event that the Office of Price Administration finds that the manufacturer's production experience does not yet warrant the establishment of a permanent maximum price. it may give temporary approval to a proposed maximum price and require further filing under this section at a later date. If the manufacturer does not file the report required by paragraph (b),

the Office of Price Administration may establish a maximum price of its own accord. This price will be in line with the level of maximum prices established by this regulation, and it shall apply to all sales or deliveries of the machine or part to which such price applies made after April 18, 1944.

(d) Interim pricing. Prior to receipt of approval by the Office of Price Administration of any proposed price, or prior to the expiration of the thirty-day period after filing the report required in paragraph (b) of this section, the proposed price may be tentatively quoted and/or charged, but no more than 75% of the proposed price may be paid or received until a maximum price has been established, and final settlement shall be made in accordance with the maximum price approved by the Office of Price Administration.

3. In § 1390.7 the text preceding paragraph (a) is amended to read as follows:

This section is applicable to any machine or part for which the manufacturer had no published list price or established price in effect on the base date, and is not a modified machine or part covered by § 1390.6. The maximum manufacturers' price for the sale of any such machine or part to any purchaser shall be computed on the basis of the following:

4. In § 1390.10 (c) (1) the text preceding subdivision (i) is amended to read as follows:

This paragraph is applicable to any machine or part which either has been modified since the base date or for which the seller had no published list price or established price in effect on October 1, 1941. The maximum price for the sale of any such machine or part by a seller other than a manufacturer to any purchaser shall be the net price determined by applying a margin determined pursuant to subparagraph (2) of this paragraph to:

- 5. Section 1390.13 (c) is added to read as follows:
- (c) This section is not applicable to manufacturers' maximum prices for any machine or part that must be priced under § 1390.6.
  - 6. Section 1390.18 (c) is revoked.
- 7. In § 1390.18 paragraphs (d) to (g), inclusive, are redesignated paragraphs (c). (d). (e) and (f), respectively.

(c), (d), (e) and (f), respectively.
This amendment shall become effective April 18, 1944.

(56 Stat. 23, 765; Pub. Law 161, 78th Cong.; E.O. 9250, 7 F.R. 7871; E.O. 9328, 8 F.R. 4681)

Issued this 18th day of April 1944.

CHESTER BOWLES,

Administrator.

[F. R. Doc. 44-5488; Filed, April 18, 1944; 11:43 a. m.]

<sup>&</sup>lt;sup>1</sup>8 F.R. 16132; 9 F.R. 1523, 2082, 2138, 2791, 3084, 3578, 4020.

Chapter XIV-War Contracts Price Adjustment Board

MARCH 24, 1944.

The Renegotiation Regulations have been adopted by the War Contracts Price Adjustment Board and control the renegotiation of contracts and subcontracts pursuant to section 403 of the Sixth Supplemental National Defense Appropriation Act, 1942, as amended, with respect to renegotiation for fiscal years ending after June 30, 1943. These regulations are subject to revision and amendment and the addition of rulings on subjects not covered.

### RENEGOTIATION REGULATIONS

-Part

1601 Authority and organization for renegotiation.

Subpart A. Summary of Renegotiation Act of 1943 and related statutes.

Subpart B. Preliminary material. Subpart C. Organization and functions of

the Price Adjustment Boards and Sections.

Subpart D. Relation of Renegotiation Act and Royalty Adjustment Act concerning patents.
1602 Procedure for renegotiation.

Subpart A. Assignments for renegotiation and cancellations.

Subpart B. Preliminary information required of contractors.

Subpart C. Preparation for renegotiation.

Subpart D. Conduct of renegotiation. 1607 Forms for renegotiation.

Subpart A. Forms relating to identification, assignment and cancellation of cases.

Subpart B. Forms relating to operation of renegotiation.

Subpart I. Addresses.

Text of statutes, orders, joint regula-1608 tions and directives.

Subpart A. Statutes and Executive orders. Subpart B. Delegations of authority.

Subpart E. Other orders and directives.

Note: In order to conform the Renegotiation Regulations to the numbering system used in the Code of Federal Regulations, the following changes have been made: Chapters in the original regulations have been treated as parts, sections as subparts, and paragraphs as sections. Thus Chapter I becomes Part 1601, Chapter II becomes Part 1602, section 1 of any chapter becomes Subpart A, section 2 becomes Subpart B, etc. Paragraphs in the original regulations become sections, with the number to the right of the decimal point corresponding to the original paragraph number, except that paragraphs containing a decimal point appear as "(a)", "(b)", "(c)", etc. The original paragraph numbers appear in brackets following text affected.

For an explanation of the numbering and

arrangement of the original renegotiation regulations see § 1601.123.

PART 1601—AUTHORITY AND ORGANIZATION FOR RENEGOTIATION

SUMMARY OF RENEGOTIATION ACT OF SUBPART A-1943 AND BELATED STATUTES

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SUPPART A-SULIMARY OF PENEGOTIATION ACT OF 1943 AND RELATED STATUTES

§ 1601.101 Scope of subpart. The summary of the Renegotiation Act of 1943 in this subpart is designed to provide only a general outline of its structure and basic provisions. The detailed discussion of these provisions and of their interpretation and application is contained under the appropriate subparts of subsequent parts of this chapter. [RR 101]

§ 1601.102 War Contracts Price Adjustment Board. Subsection (d) of the 1943 act creates the War Contracts Price Adjustment Board, which, for convenience, is referred to in these regulations as the War Contracts Board. Authority with respect to renegotiation is vested in this Board subject, however, to being delegated, in the Board's discretion, to the Secretaries of the Departments, with right of redelegation. The Board is composed of six members, one each from the War Department, the Navy Department, the Treasury, the Maritime Commission or the War Shipping Adminis-tration, the Reconstruction Finance Corporation, and the War Production Board. The War Contracts Board, its powers, duties and functions, and its authority to delegate its duties and functions are described more fully in § 1601.-130 and following. [RR 102]

§ 1601.103 Coverage. (a) In general, the 1943 act applies to amounts received or accrued in fiscal years ending after June 30, 1943 under all contracts with the Departments and subcontracts, with the exceptions stated under § 1601.104 (subsection (c) (6)).

(b) Subcontracts include purchase orders or agreements to perform all or any part of the work, or to make or furnish any article, required for the performance of any other contract or subcontract but do not include any purchase order or agreement to furnish office supplies. A contract or arrangement to procure a contract with a Department is also a subcontract. Subcontracts are not limited to those made by a prime contractor but include those made by a subcontractor or sub-subcontractor down through the various tiers (subsection (a) (5)).

(c) The coverage of the 1943 act is discussed in detail in Part 1603 (RR Chapt. III). [RR 103]

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- § 1601.104 Exclusions and exemptions—(a) Mandatory. The 1943 act does not apply to:
- (1) Contracts between the Departments and other Governmental agencies (subsection (i) (1) (A));
- (2) Contracts or subcontracts for certain raw materials (subsection (i) (1) (B));
- (3) Contracts or subcontracts for agricultural commodities in a certain form or state (subsection (i) (1) (C));
- (4) Contracts or subcontracts with tax exempt charitable, religious or educational institutions (subsection (i) (1) (D));
- (5) Construction contracts with a Department let under competitive bidding (subsection (i) (1) (E)); or (6) Subcontracts under prime con-
- (6) Subcontracts under prime contracts or other subconfracts of the types listed above which are exempted by subsection (i) (1) (subsection (i) (1) (F)). [RR 104.1]
- (b) Permissive. The War Contracts Board may, in its discretion, exempt from any or all of the provisions of the 1943 act:
  - (1) Any contract or subcontract:
- (i) To be performed outside of the continental United States or in Alaska (subsection (i) (4) (A));
- (ii) Under which the profits can be determined with reasonable certainty when the contract price is established (subsection (i) (4) (B));
- (iii) During a specified period or periods, to the extent that the contract provisions are adequate to prevent excessive profits (subsection (i) (4) (C));
- (iv) For a standard commercial article if competitive conditions are such as will reasonably protect the Government (subsection (i) (4) (D));
- (v) If competitive conditions affecting the making of such contract or subcontract are likely to result in effective competition with respect to the contract price (subsection (i) (4) (E));
- (2) Any subcontract or group of subcontracts, if it is not administratively feasible to segregate the renegotiable from the non-renegotiable business (subsection (i) (4) (F)).

The Board may make such exemptions by individual contracts or by general classes or types of contracts (subsection (i) (4)). [RR 104.2]

- (c) Exemption measured by volume of business. Subsection (c) (6) provides that renegotiation shall not apply to any contractor or subcontractor unless the aggregate of the amounts received or accrued by the contractor or subcontractor (and all persons under the control of or controlling or under common control with the contractor or subcontractor) under contracts with the Departments and subcontracts, not including subcontracts for procuring contracts or subcontracts, exceed \$500,000. In the case of subcontracts for the procuring of contracts or subcontracts, this figure is \$25,000. [RR 104.3]
- (d) Profits from increment in value of excess inventories. The 1943 act excludes

from renegotiation that portion of the profits derived from contracts with the Departments and subcontracts attributable to the increment in value of excess inventories of certain raw materials and agricultural commodities (subsection (i) (3)). [RR 104.41]

§1601.105 Renegotiation clauses in contracts. (a) The 1943 act directs each Secretary to insert in each contract made by his Department, involving more than \$100,000, terms under which the contractor agrees (1) to renegotiation, (2) to the withholding or recovery of excessive profits by the United States and (3) that he will insert like terms in all subcontracts made by him involving more than \$100,000, and will require the subcontractor to insert like terms in contracts entered into by him. In the case of subcontracts for procuring contracts with the Departments these terms are to be placed in all such subcontracts for more than \$25,000 (subsection (b)).

(b) The 1943 act permits these terms to be incorporated in contracts and subcontracts by reference and each contract or subcontract is made subject to such terms whether or not they are incorporated either physically or by reference. [RR. 105]

§1601.106 Determination of excessive profits—(a) Costs. In determining the profits from renegotiable business, the 1943 act requires the War Contracts Board to allow costs determined in accordance with the method of cost accounting regularly employed by the contractor or if such method does not properly reflect such costs, the Board is authorized by regulations to prescribe the method under which such costs shall be determined. No item of cost-shall be allowed which is unreasonable or which is-not properly chargeable to the contract or subcontract. Notwithstanding these provisions, all items estimated to be allowable as deductions or exclusions for income tax purposes, to the extent they are allocable to renegotiable business, are to be allowed as items of cost in determining excessive profits. State income taxes, to the extent they are attributable to the portion of the contractor's profits determined to be excessive, however, are not allowable (subsection (a) (4) (B)). [RR 106.1]
(b) Unused amortization deduction.

(b) Unused amortization deduction. The 1943 act provides for the repayment by the United States to a contractor or subcontractor, without interest, of the amount of the net renegotiation rebate determined in accordance with procedures and principles set forth in the 1943 act in the event of a recomputation of the amortization deduction provided for in section 124 (d) of the Internal Revenue Code (subsections (a) (4) (C) and

(D)). [RR 106.2]
(c) Fair cost allowance in the exempted state for raw materials and agricultural commodities in the case of integrated producers. In order to provide for equitable treatment of the integrated producer, the 1943 act provides for the allowance of a fair amount of cost in the exempted state for certain raw materials

and agricultural commodities in the case of integrated producers who produce or acquire such materials or commodities below such state and process them up to and beyond such state (subsection (i) (3)). In this connection attention is also directed to § 1601.104 (d), which in effect gives the contractor or subcontractor who acquires the exempted raw materials and agricultural commodities at the exempt stage the benefit of a similar special cost allowance to the extent that such products constitute excess inventory of such a contractor or subcontractor. IRR 106.31

(d) Factors in determining excessive profits. The 1943 act defines excessive profits to be the portion of the profits from the renegotiatable business of the contractor or subcontractor which in the light of a list of factors set out in subsection (a) (4) (A) of the act is determined to be excessive. These factors cover such matters as efficiency, costs, capital, risk, contribution to the war effort, character of business, and such other factors as the public interest and fair and equitable dealing may require. IRR 106.41

§ 1601.107 Renegotiation by fiscal years. The 1943 act applies to fiscal years ending after June 30, 1943, and requires that renegotiation be conducted on an over-all fiscal year basis. Renegotiation may relate to any period other than a full fiscal year only with the consent of the contractor or subcontractor. The 1943 act requires that renegotiation must relate to the aggregate of the contractor's war business for the year unless the contractor consents to the renegotiation of separate contracts (subsection (c) (1)). [RR 107]

§ 1601.108 Renegotiation procedure-(a) Mandatory filing of statement. The 1943 act requires every contractor or subcontractor not specifically exempted from renegotiation to file with the Board on or before the first day of the fourth month following the close of the fiscal year, or after the date of the enactment of the Revenue Act of 1943, which ever is the later, a statement containing such information as the Board may by regulations prescribe (subsection (c) (5) (A), discussed in § 1602.220 and following). In addition to this statement, which is considered to be the statement for the purposes of the beginning of the statute of limitations, the War Contracts Board may require from the contractor or subcontractor any other data, information or records deemed desirable. [RR 108.1]

(b) Commencement of renegotiation proceedings. The contractor or subcontractor will be given reasonable notice of the time and place for a conference with respect to renegotiation. The mailing of such notice by registered mail to the contractor or subcontractor constitutes the commencement of the renegotiation proceedings (subsection (c) (1), discussed in § 1602,241). [RR 108.2]

(c) Statute of limitations. Renegotiation proceedings must be commenced within twelve months from the close of the fiscal year or within twelve months

of the date of the filing of the statement referred to in § 1601.108 (a), whichever is the later. If such proceedings are not completed or if an agreement or order determining the amount of excessive profits is not made within one year from the commencement of the renegotiation proceedings, the liability of the contractor or subcontractor under the 1943 act will be discharged. However, this one year period may be extended by mutual agreement (subsection (c) (3)). [RR 108.3]

(d) Agreement or order determining excessive profits. Upon the mailing of the notice and the commencement of the renegotiation, the Board will endeavor to make a final or other agreement with the contractor or subcontractor with respect to the elimination of excessive profits. If such an agreement is not made, the act authorizes the Board to issue an order determining the amount of the excessive profits (subsection (c) (1)). [RR 108 4]

(e) Statement to the contractor or subcontractor. Whenever a determination is made as to the amount of excessive profits, whether by order or by agreement, the Board or its authorized agency, at the request of the contractor or subcontractor, will furnish a statement setting out the determination of excessive profits made in his case, the facts used as a basis therefor, and the reasons for such determination (subsection (c) (1)). IRR 108.51

(f) Eliminating excessive When the excessive profits have been determined either by agreement or order, the War Contracts Board shall forthwith direct the secretaries to eliminate such excessive profits (1) by reductions in price and other contract revisions; (2) by withholding from amounts otherwise due the contractor or subcontractor; (3) by directing a contractor to withhold from amounts otherwise due to a subcontractor; (4) by recovery from the contractor by repayment, credit or suit; or (5) by any combination of these methods. In eliminating such excessive profits there is allowed a credit for Federal income and excess profits taxes in accordance with section 3806 of the Internal Revenue Code (subsection (c) (2)). [RR 108.6]

§ 1601.109 Delegation and review—(a) Delegation. The War Contracts Board may delegate in whole or in part any of its powers, functions or duties to the Secretary of a Department and such Secretary may, in turn, redelegate such powers, functions or duties to such officers or agencies of the United States as he may designate. He may authorize successive redelegations (subsection (d) (4)). [RR 109.1]

(b) Review by the War Contracts Board. The determination by any person or agency exercising the delegated powers of the War Contracts Board may be reviewed by the Board either upon its own motion, or, in its discretion, at the request of the contractor or subcontractor. The Board's determination may be less than, equal to, or greater than the determination reviewed. Unless the War

Contracts Board upon its own motion initiates a review of the prior determination within sixty days from the date of such determination, or at the request of the contractor or subcontractor made within sixty days from the date of such determination initiates a review of such determination within sixty days from the date of such request, such determination becomes the determination of the War Contracts Board (subsection (d) (5). [RR 109.2]

§ 1601.110 Redetermination of excessive profits by The Tax Court of the United States. The Renegotiation Act provides that any contractor or subcontractor aggrieved by a unilateral determination of excessive profits by the War Contracts Board (under the Renegotiation Act of 1943), or by the Secretary of a Department (under the Renegotiation Act of 1942), may petition The Tax Court of the United States for a redetermination of such excessive profits. Proceedings before The Tax Court are de novo. The Court may find an amount of excessive profits less than, equal to, or greater than the amount found by the Board. The petition for a redetermination must be made to The Tax Court within ninety days after the entry of the order or the date of the enactment of the Revenue Act of 1943 (February 25, 1944), whichever is the later (subsection (e)). [RR

§ 1601.111 Applicability—(a) Applicability of the 1943 act in genceral. In general, the provisions of the 1943 act apply to all fiscal years ending after June 30, 1943. Prior fiscal years are covered by the Renegotiation Act of 1942 (section 701 (d) of the Revenue Act of 1943 cited in § 1608.801 and § 1601.122~ (j) and (k)). [ER. 111.1]

and (k)). [RR 111.1]
(b) Applicability in special cases.
There are several exceptions to the general rule set forth in § 1601.111 (a).

. (1) Provisions of the 1943 act made retroactive:

(i) Subsections (a) (4) (C) and (a) (4) (D) relating to the adjustment of excessive profits for any year on account of the recomputation of the amortization deduction;

(ii) Subsection (i) (3) which provides for a fair cost allowance in the exempted state for certain raw materials and agricultural commodities in the case of integrated producers and which excludes from renegotiation the profits realized because of the increment in value of excess inventories of raw materials and agricultural products acquired in the exempted state;

(iii) Subsection (i) (1) (C) which exempts from renegotiation contracts or subcontracts for certain agricultural commodities;

(iv) Subsection (i) (1) (D) which exempts contracts or subcontracts with tax

exempt charitable, religious or educational organizations;

(v) Subsection (i) (1) (F) which exempts subcontracts under prime contracts or other subcontracts exempted by subsection (i) (1); and

(vi) Subsection (1) which provides a short title (see § 1601.122 (1)).

(2) Provisions of the 1943 act made effective from the date of the enactment of the Revenue Act of 1943, February 25, 1944:

(i) Subsection (d) which creates the War Contracts Price Adjustment Board and sets out its organization, powers, and duties (discussed in § 1601.131); and

(ii) Subsection (e) (2) which provides for the redetermination of excessive profits by the Tax Court in the case of unilateral determinations by the Secretaries under the provisions of the Renegotiation Act of 1942. IRR 111.21

(c) Termination of renegotiation. The 1943 act provides that amounts received or accrued after December 31, 1944, will not be subject to renegotiation unless the President finds and proclaims before December 1, 1944, that competitive conditions have not been restored; in which case renegotiation would extend to amounts received or accrued up to any date specified in such proclamation which is not later than June 30, 1945. The 1943 act also provides that in case the President finds and proclaims on or before June 30, 1945, that competitive conditions have been restored as of any date within 6 months prior to such proclamation, renegotiation will not apply to amounts received or accrued after such termination of the statute. A special provision is made in the case of long term contracts which are begun before and completed after the termination date (subsection (h)). [RR 111.3]

§ 1601.112 Applicable and related statutes—(a) Renegotiation Act of 1943. The Renegotiation Act of 1943 is cited in full in § 1608.801 of these regulations. [RR 112.1]

(b) Section 3806 of the Internal Revenue Code. Section 3806 of the Internal Revenue Code, referred to in subsection (a) (4) (D) and subsection (c) (2) of the Renegotiation Act of 1943, is cited in \$1608.802. Under that section the amount of Federal income and excess profits taxes assessed with respect to any excessive profits for a prior taxable year is credited against the amount of such profits in computing the amount to be refunded by the contractor or otherwise recovered. IRR 11221

wise recovered. [RR 112.2]
(c) Titte XIII of Second War Powers
Act. Under subsection (c) (5) (B), the
War Contracts Board is given the powers
of inspection and audit of an agency
designated by the President to exercise
powers under Title XIII of the Second
War Powers Act, 1942. For convenience,
Title XIII is cited in § 1608.803. [RR
112.3]

(d) Repricing of War Contracts. Title VIII of the Revenue Act of 1943 provides that in cases in which the Secretary of a Department considers the price of any article or service required by his Department to be unreasonable or unfair he may fix by agreement, if possible, a fair and reasonable price therefor. If no agreement can be reached, the Secretary is authorized to fix, by order, a fair and reasonable price for deliveries after the date of such order and to prescribe the period during which such price shall be effective and such other terms and conditions as he deems

appropriate. Contractors or subcontractors aggrieved by such an order may sue the United States for fair and just compensation. Repricing under Title VIII applies to both prime and subcontractors and applies without exemption or restriction until the end of the war. The statutory provisions relating to repricing are cited in § 1608.804. [RR

### SUBPART B-PRELIMINARY MATERIAL

- § 1601.120 Scope of subpart. This subpart refers to the application and arrangement of the Renegotiation Regulations and the definitions used therein. [RR 120]
- § 1601.121 Applicability of Renegotiation Regulations-(a) Years to which applicable. The Renegotiation Regulations cover all renegotiation proceedings by the War Contracts Board or under its authority pursuant to the Renegotiation Act of 1943. They are effective only with respect to the fiscal years ending after June 30, 1943. [RR 121.1]
- § 1601.122 Definitions of terms—(a) Statutory definitions. Various terms are defined in the 1943 act including the following terms which are defined in subsection (a) thereof:
  - (1) "Department"
  - (2) "Secretary"
  - (3) "Renegotiate" and "renegotiation"
- (4) (A) "Excessive profits"
  (4) (B) "Profits derived from contracts with the Departments and subcontracts"
- (4) (D) "Gross renegotiation rebate" and "net renegotiation rebate"
  - (5) "Subcontract" (6) "Article"
  - (7) "Standard commercial article"
  - (8) "Fiscal year"
- (9) "Received or accrued" and "paid or incurred"

# [RR 122.1]

- (b) Chief of a Service. The term "Chief of a Service" means the Commanding General, Army Air Forces, and the Chief of a Technical Service of the Army Service Forces. [RR 122.2]
- (c) Contract. The term "contract" is generally used to include a subcontract, except where the distinction between them is clear from the context. [RR 122.31
- (d) Contractor The term "contractor" is generally used to include both a contractor and a subcontractor, except where distinction between them is clear
- from the context. [RR 122.4]
  (e) Department. The term "Department" means "Department" as defined in subsection (a) of the Renegotiation Act of 1943 as follows:
- (1) The term "Department" means the War Department, the Navy Department, the Treasury Department, the Maritime Commission, the War Shipping Administration, Defense Plant Corporation, Metals Reserve Company, Defense Supplies Corporation, and Rubber Reserve Company, respectively.

# [RR 122.5]

(f) Departmental Board. The term "Departmental Board" means, respectively, the War Department Price Adjustment Board, the Navy Department Price Adjustment Board, the Treasury

- Department Price Adjustment Board, the Maritime Commission Price Adjustment Board, the War Shipping Administration Price Adjustment Board, and the RFC Price Adjustment Board established by Defense Plant Corporation, Metals Reserve Company, Defense Supplies Cor poration and Rubber Reserve Company. [RR 122.6]
- (g) Joint Board. The term "Joint Board" means the Joint Price Adjustment Board established by the Departments under date of September 24, 1943, having jurisdiction of certain matters relating to the 1942 act. [RR 122.7]
- (h) Mandatory financial statement. The term "mandatory financial statement" means the statement required by the regulations of the War Contracts Board pursuant to subsection (c) (5) (A) of the 1943 act (see § 1602.220 and following) [RR 122.8]
- (i) Renegotiation Act. The term "Renegotiation Act" means the 1942 act and the 1943 act in view of subsection (1) of the 1943 act and its retroactive application. [RR 122.9]
- (j) Renegotiation Act of 1943; 1943 act. The terms "Renegotiation Act of 1943" and "1943 act" mean section 403 of the Sixth Supplemental National Defense Appropriation Act, 1942, as amended by section 701 of the Revenue Act of 1943 (Public Law 235, 78th Congress, enacted February 25, 1944) and expressed to be effective only with respect to the fiscal years ending after June 30, 1943 as provided in subsection (d) of said section 701 of the Revenue Act of 1943 (see § 1608.801) [RR 122.10]
- (k) Renegotiation Act of 1942; 1942 act. The terms "Renegotiation Act of 1942" and "1942 act" mean section 403 of the Sixth Supplemental National Defense Appropriation Act, 1942 (Public Law 528, 77th Congress, approved April 28, 1943) as amended by section 801 of the Revenue Act of 1942 (Public Law 753, 77th Congress, approved October 21, 1942) by section 1 of the Military Appropriations Act, 1944 (Public Law 108, 78th Congress, approved July 1, 1943) and by Public Law 149 (78th Congress, approved July 14, 1943) and as further amended by section 701, (b) of the Revenue Act of 1943 (Public Law 235, 78th Congress, enacted February 25, 1944) to the extent that section 701 (d) of the. Revenue Act of 1943 makes the amendments made by section 701 (b) effective as if they had been a part of section 403 of the Sixth Supplemental National Defense Appropriation Act, 1942, on the date of its enactment, April 28, 1942. [RR 121.11]
- (1) Renegotiable business, renegotiable sales, and non-renegotiable business. The terms "renegotiable business" and "renegotiable sales" mean the aggregate business of a contractor or subcontractor under contracts with the Departments and subcontracts which are subject to The term statutory renegotiation. "non-renegotiable business" means any business of a contractor other than "renegotiable business" [RR 122.12]
- (m) Secretary. The term "Secretary" means the Secretary of a Department

- and means "Secretary" as defined in subsection (a) of the Renegotiation Act of 1943 as follows:
- (2) In the case of the Maritime Commission, the term "Secretary" means the Chairman of such Commission, in the case of the War Shipping Administration, the term "Secretary" means the Administrator of such Administration, and in the case of Defense Plant Corporation, Metals Reserve Company, Defense Supplies Corporation, and Rubber Reserve Company, the term "Secretary" means the board of directors of the appropriate corporation.

### [RR 122.13]

- (n) Section. The term "Section" means a Price Adjustment Section of the War Department, except where a different meaning appears from the context. [RR 122.14]
- (o) Service. The term "Service" means the Army Air Forces and the Technical Services of the Army Service Forces. [RR 122.15]
- (p) Statutory renegotiation. term "statutory renegotiation" means renegotiation pursuant to the 1943 act. [RR 122.16]
- (g) War Contracts Board. The term "War Contracts Board" means the War Contracts Price Adjustment Board established under the 1943 act. 122.17]
- § 1601.123 Arrangement of Renegotiation Regulations 1—(a) Organization. For convenience these regulations are divided into chapters, each of which deals with a specified topic. Each chapter is divided into several sections, each of which contains a series of numbered paragraphs dealing with the same subject. [RR 123.1]
  (b) Numbering.
- The numbering of individual paragraphs is not consecutive. and is designed to permit additional paragraphs to be inserted later within the appropriate chapter and section. The number of a particular paragraph shows the chapter and section where it is found and also whether it is subordinate to a preceding paragraph. The first digit of the number indicates the chapter and the second digit the section in which the paragraph is found. Thus, paragraphs in Chapter I run from 100 to 199; those from 101 to 119 are under section 1, those from 120 to 129 are under section 2, etc. Where the number of a paragraph ends with a digit preceded by a decimal point (as 123.2) this indicates that it is part of the general subject covered by the basic paragraph (as 123) [RR 123.2]
- (c) Citations. Since the number of any paragraph indicates its place in these regulations, a paragraph may be referred to by citing its number only, and it is not necessary to refer to the chapter or section or page in these regulations where it appears. These regulations will be called the Renegotiation Regulations, which may be abbreviated as RR in referring to paragraphs; thus this paragraph may be cited as RR 123.3. [RR 123.3]

<sup>1</sup> See note following table of contents of chapter.

- § 1601.124 Amendments and additions.
  (a) When amendments or supplements to these regulations are adopted by the War Contracts Board, they will become effective at once unless otherwise specified, but will not affect the validity of any determination theretofore made in accordance with prior regulations. IRR 1241
- § 1601.125 Changes in interpretations. The regulations and interpretations of the statute in this document reflect the present judgment of the War Contracts Board and are subject to such revision as from time to time may appear desirable. [RR 125]
- § 1601.126 Federal Register. These regulations are being published in the Federal Register. In the discretion of the War Contracts Board, changes and additions will be so published periodically. From time to time there will be published in this paragraph or in supplements hereto references to the copies of the Federal Register in which the Rengotiation Regulations and any changes and additions thereto may have been published. [RR 126]
- § 1601.127 Official copies. Official copies of the statutes referred to herein may be obtained from the Superintendent of Documents, Government Printing Office, Washington, D. C. Official copies of Executive orders cited herein are set out in the Federal Register, which may also be procured from the Superintendent of Documents. [RR 127]
- SUBPART C—ORGANIZATION AND FUNCTIONS
  OF THE PRICE ADJUSTMENT BOARDS AND
  SECTIONS
- § 1601.130 Statutory authority. The authority and discretion to administer the Renegotiation Act of 1943 is conferred upon the War Contracts Board with power of delegation (see subsection (d) of the 1943 act. [RR 130]
- § 1601.131 War Contracts Price Adjustment Board—(a) Functions. The War Contracts Price Adjustment Board has authority to administer the Renegotiation Act of 1943, including authority over agreements, unilateral determinations of excessive profits and exemptions. The Board has 6 members, of whom 4 constitute a quorum, and the Board may act by a majority of a quorum. [RR 131.1]
- (b) Seal. The seal of the Board shall be judicially noticed. [RR 131.2]
- (c) Delegations. The Board has power to delegate any of its authority to the Secretary of a Department, who may redelegate to such officers or agencies of the United States as he may designate, with right of redelegation. There is set forth below the organization for renegotiation in the various Departments having renegotiation authority. Delegations by the War Contracts Board to the Secretaries of the various Departments are set forth in § 1608.821 (a). IRR 131.31

- (d) Jurisdiction. The Board may, by regulation, or otherwise determine the character of cases to be conducted initially by the Board itself, those to be conducted by its officers or the officers utilized by it, and those to be conducted by the various officers and agencies to which the Board's powers have been delegated. (Subsection (d) (5) of the 1943 act.) Renegotiation will initially be conducted by the Departments in all cases, except for instances, if any, in which the Board may determine otherwise. (See § 1602.200 and following.) (The powers, duties and discretion of the Board to conduct renegotiation were delegated to the Secretaries of the Departments on February 26, 1944. (See § 1608.821 (a) IRR 131.4]
- (e) Review by the Board. The Board may, in its discretion, either upon its own motion or at the request of the contractor or subcontractor, review any determination by order made by any officer or agency to which its powers have been delegated. The Board's determination may be less than, equal to, or greater than the determination reviewed. (Subsection (d) (5) of the 1943 Act.) [RR 131.5]
- § 1601.132 War Department organization—(a) Organization and functions of War Department Price Adjustment Board. The Renegotiation Division has been established by the Commanding General, Army Service Forces, as a Staff Division under the supervision of the Director of Matériel. The War Department Price Adjustment Board has been organized within the Division. The Chairman and members of the Board are appointed by the Commanding General, Army Service Forces, with the approval of the Under Secretary of War. The Chairman serves also as Director of the Renegotiation Division. [RR 132.1]
- (b) Organization and Junctions of War Department Price Adjustment Sections. There has been established a Price Adjustment Section in each of the Technical Services of the Army Service Forces and in the Army Air Forces. The Army Service Forces have sections in the Technical Services of Chemical Warfare, Engineers, Ordnance, Quartermaster, Signal Corps, Surgeon General, and Transportation. With the exception of the Price Adjustment Section of Chemical Warfare, located in Baltimore, the main sections of the other Technical Services are located in Washington. Headquarters for renegotiation in the Army Air Forces are shared by Washington and Wright Field, Dayton, Ohio. District Price Adjustment Sections have been established by the Technical Services and the Army Air Forces at various procurement centers, and this decentralization allows renegotiation to be conducted close to the location of the company involved. [RR 132.2]
- § 1601.133 Navy Department Price Adjustment Board. The Navy has established a Price Adjustment Board with divisions at New York and Washington, and Regional Price Adjustment Boards

- at Chicago and San Francisco to conduct the renegotiation of contracts. In the Procurement Legal Division of the Navy Department in Washington, there has been set up a Services and Sales Renegotiation Section which specializes in the renegotiation of brokers. This section has divisional offices in Washington, New York, Chicago and Los Angeles. IRR 1331
- § 1601.134 Treasury Department Price Adjustment Board. The Treasury Department has established the Treasury Department Price Adjustment Board in the Procurement Division. The office of the Board is located in Washington. [RR 134]
- § 1601.135 Maritime Commission Price Adjustment Board. The Maritime Commission has established the Price Adjustment Board of the Maritime Commission. The office of the Board is located in Washington. [RR 135]
- § 1601.136 War Shipping Administration Price Adjustment Board. The Administrator of the War Shipping Administration created a Price Adjustment Board within the War Shipping Administration and charged the Board with responsibility of conducting renegotiations. The office of the Board has been established in New York City, since this location is in close proximity to the great majority of the contractors of the War Shipping Administration. IRR 1361
- § 1601.137 RFC Price Adjustment Board. The boards of directors of Defense Plant Corporation, Metals Reserve Company, Defense Supplies Corporation and Rubber Reserve Company have established the RFC Price Adjustment Board. [RR 137]
- § 1601.138 Joint Price Adjustment Board. The Joint Price Adjustment Board has authority, delegated by the Secretaries, to adopt statements of purposes, principles, policies, and interpretations, under the Renegotiation Act of 1942. The Joint Price Adjustment Board has no authority with respect to renegotiation for fiscal years ending after June 30, 1943. [RR 138]
- § 1601.139 Addresses. Addresses of the various Price Adjustment Boards and Sections dealing with renegotiation under the Renegotiation Act of 1943 are set forth in § 1607.791 and following. IRR 1391
- SUBPART D—RELATION OF RENEGOTIATION ACT AND ROYALTY ADJUSTMENT ACT CONCERN-ING PATENTS
- § 1601.140 Scope of subpart. This subpart deals briefly with the Royalty Adjustment Act (Public Law 763, 77th Congress, approved October 31, 1942). [RR 140]
- § 1601.141 Royalty Adjustment Act.
  (a) Under Public Law 763, 77th Congress, approved October 31, 1942, whenever an invention, patented or unpatented, is manufactured or used for the

United States, with license from the owner, and such license provides for the payment of royalties at rates or amounts "believed to be unreasonable or excessive by the head of the Department or agency of the Government which has ordered such manufacture, use," etc., the head of the Department concerned shall so notify the licensor and licensee. Within a reasonable time thereafter he shall "fix and specify such rates or amounts of royalties, if any, as he shall determine are fair and just, taking into account the conditions of wartime production" and shall authorize the payment thereof by the licensee to the licensor. Under the statute the licensee must not thereafter pay to the licensor or charge to the United States a royalty in excess of that specified in the order, and the licensor's sole and exclusive remedy for royalties in excess thereof is by suit in the Court of Claims or in such district courts as have concurrent jurisdiction.

(b) The statute further provides that: "Nothing herein contained shall be deemed to preclude the applicability of section 403 of Public Law 528, 77th Congress (the Renegotiation Act of 1942), as the same may be heretofore or hereafter amended so far as the same maybe applicable." [RR 141]

§ 1601.142 Patent licenses subject to renegotiation. Patent licenses granted to the United States and those granted to Departmental contractors or subcontractors are subject to renegotiation. [RR 142]

### PART 1602-PROCEDURE FOR RENEGOTIATION

SUBPART A-ASSIGNMENTS FOR RENEGOTIATION AND CANCELLATIONS

Sec.

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SUBPART B-PRELIMINARY INFORMATION REQUIRED OF CONTRACTORS

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SUBPART A-ASSIGNMENTS FOR RENEGOTIA-TION AND CANCELLATIONS

§ 1602.201 In general—(a) Necessity for assignment. No Department or Service will conduct renegotiation proceedings with any contractor or subcontractor unless and until an assignment for that purpose has been issued on behalf of or is confirmed by the War Contracts Board. This provision is designed to promote orderly procedure through avoidance of duplication of activities as well as by assuring to the extent possible that renegotiation proceedings are conducted by the appropriate Department or Service. Notwithstanding the foregoing, in the absence of specific action by way of disaffirmance by the War Contracts Board, a renegotiation proceeding, conducted by a Department to which a general delegation of authority has been issued by the War Contracts Board, shall not be invalidated by reason of the fact that an assignment of the particular case had not been duly or properly issued. Assignments issued after the conclusion of a renegotiation proceeding shall be of the same force and effect as if issued at any time prior thereto. [RR 201.1]

(b) Effect of assignment. The issuance of an assignment shall evidence the authority and duty of the Department or Service to which the assignment is issued to conduct statutory renegotiation with the contractor thereby assigned on an overall basis with respect to the aggregate of the amounts received or accured during the fiscal year to which the assignment relates: Provided, however, That, upon request of the contractor, pursuant to subsection (c) (1) of the 1943 act, the Department or Service to which the assignment is issued may, in its discretion, agree to renegotiate with respect to amounts received or accrued under one or more contracts or subcontracts. In such event, the Department or Service will so report to the Assignments and Statistics Branch, Renegotiation Division, A. S. F., which will confirm the assignment upon such basis unless compelling reasons dictate otherwise. [RR 201.2]

(c) Effect of assignments issued on behalf of the Joint Board. All assignments for renegotiation heretofore or hereafter issued in the name of the Joint Price Adjustment Board, through the Assignments and Statistics Branch of the Renegotiation Division, A. S. F., are hereby ratifled, approved and confirmed with the same force and effect as if they had been originally issued by the War Contracts Board. [RR 201.3]

(d) Authority in assignment matters. The Assignments and Statistics Branch, Renegotiation Division, A. S. F., has been authorized by the War Contracts Board to act on its behalf in the issuance of assignments, reassignments, and cancellations of assignments. The Assignments and Statistics Branch will discharge its functions subject to such policies as may be established and directions given from time to time by the War Contracts Board but no assignment, reassignment or cancellation of assignment issued by the Assignments and Statistics Branch shall be deemed unauthorized or invalid unless specifically revoked by action of the War Contracts Board. The authority mentioned herein as conferred upon the Assignments and Statistics Branch is deemed to extend not only to the permanent staff of said Branch but also to persons who may from time to time be detailed by any Departmental Board to work with the staff of the Branch. [RR 201.47

(e) Control of assignments. A system for the recording and control of assignments will be maintained by the Assignments and Statistics Branch. It will operate with relation to the number of individual contractors assigned, each company whether or not a subsidiary or affiliate of another being represented by a separate assignment and assignment number. Joint ventures will be represented by a single assignment: separate assignments will not be issued for the individual members of a joint venture unless they hold, independently of the joint venture, other contracts subject to renegotiation. Statistical reports of the final results of renegotiation will, however, be based on the number of completed agreements regardless of how many assignments may be represented thereby. As a part of the system established for the recording and control of assignments, the Departments and Services will use the forms appearing in §§ 1607.705 and 1607.706. [RR 201.5]

(f) Communications. Communications relating to administrative matters in connection with assignments, reassignments and cancellation of assignments should be addressed to War Contracts Price Adjustment Board, Assignments and Statistics Branch, Room 3D 573, The Pentagon, Washington 25, D. C. [RR 201.6]

§ 1602.202 Basis of assignment—(a) In general. Assignments will ordinarily be made to the Department or Service believed to have the predominant interest in the assigned contractor's renegotiable business, but assignments will be made on the basis of industry or product classification in those cases where it is believed that such action will promote efficiency of renego-tiation procedure. Assignments may also be determined by the existence of intercompany affiliations or transactions and,

in exceptional instances, by considerations of geographic convenience. [RR 202.17

(b) Product classification. The War Contracts Board recognizes that in many cases it is advantageous to assign concerns which produce the same or similar products to the same Department or Service. Assignments on the basis of product classification are authorized particularly with respect to concerns producing products as to which one or more of the Departments or Services have the principal overall procurement interest or have acquired specialized experience in renegotiation. Departments and Services should suggest reassignment of contractors when, because of the nature of their products, it appears that efficiency of renegotiation procedure would be promoted thereby. Such reassignments should be suggested notwithstanding the fact that the predominant interest in the particular contractor's business may lie with the Department or Service suggesting the reassignment (see § 1602.205 (a) and form in § 1607.703 (c)). [RR 202.2]

(c) Brokers and agents. Brokers and agents subject to renegotiation by virtue of subsection (a) (5) (B) of the 1943 act and machine tool dealers will ordinarily be assigned to the Services and Sales Renegotiation Section, Procurement Legal Division, Office of the Under Secretary of the Navy, with the exception of those engaged in the sale of textiles and food stuffs, who will ordinarily be assigned to the Price Adjustment Section of The Quartermaster General. IRR 202.31

§ 1602.203 Selection of contractors for assignment—(a) Contractors previously assigned. Generally contractors who were assigned for 1942 fiscal years have been assigned for 1943 fiscal years to the same Department or Service which held the 1942 assignment. Those assignments which were issued prior to the effective date of the 1943 act on behalf of the Joint Board have been confirmed by the War Contracts Board. Such assignments are subject to reassignment on the basis of industry or product classification or because of substantial change in predominant interest. [RR 203.1]

(b) Contractors not previously assigned. In order that unnecessary assignments may be avoided, initial assignments will not ordinarily be made without the prior receipt and consideration by the Assignments and Statistics Branch on behalf of the War Contracts Board of the information required in the "Standard Form of Contractor's Report" (see § 1607.701). Exceptions to this rule will be made at the request of any Agency authorized to conduct renegotiation upon an indication of urgency in point of time, lack of necessity for preliminary review, or other considerations deemed appropriate. Unless the required preinformation is available liminary through mandatory filing or otherwise, it will be obtained by the Assignments and Statistics Branch on behalf of the War Contracts Board by causing to be sent to the contractor a "Letter of Preliminary Inquiry" together with the "Standard Form of Contractor's Report"

(see §§ 1607.702 (a) and 1607.701). In the event that the contractor Tails to make satisfactory response within a reasonable time to the "Letter of Preliminary Inquiry," the case may be assigned for renegotiation to the Department or Service believed appropriate. Should the information required by the "Standard Form of Contractor's Report" be received by the War Contracts Board subsequent to the issuance of the assignment, the assignment may be reassigned or cancelled if such action be found by the War Contracts Board to be appropriate; otherwise, the information will be transmitted to the assignee Department or Service. [RR 203.2]

(c) Identification of contractors not previously assigned. The identification of contractors not previously assigned will be accomplished principally through their filing mandatory financial statements in conformity with the requirements of the first sentence of subsection (c) (5) (A) of the 1943 act (see § 1602.222). The War Contracts Board may use other sources of information. The Departments and Services may suggest to the War Contracts Board, by means of Form 101 (see § 1607.703 (a)), names of contractors to be considered for assignment at a time earlier than that at which the mandatory financial statements may be received. Such suggestions should be limited to cases as to which there is substantial reason to believe that early institution of renegotiation proceedings is advisable or required. [RR 203.3]

(d) Reports as to brokers and agents. Information coming to the attention of a Department or Service indicating that commissions or other compensation may have been or might be paid or accrued to a broker or agent subject to renegotiation under subsection (a) (5) (B) of the 1943 act or (a) (5) (ii) of the 1942 act will be reported to the Services and Sales Renegotiation Section, Procurement Legal Division, Navy Department, Washington 25, D. C., and to the War Contracts Price Adjustment Board, Assignments and Statistics Branch, Room 3D 573, The Pentagon, Washington 25, D. C. (see § 1602.202 (c)). [RR 203.4]

§ 1602.204 Form of assignments. Assignments will be issued on Form 102 (shown in § 1607.703 (b)) or by endorsements on Form 101 (see § 1607.703 (a)) or by other written notification to the assignee Department or service. [RR 2041

§ 1602.205 Reassignment of cases-(a) When cases reassigned. The War Contracts Board will reassign a case to another Department or Service if it appears that efficiency of renegotiation procedure will be promoted thereby. Such reassignments may be based upon inter-company affiliations or transactions, substantial predominance of interest or the principle of assignment by product classification. Reassignments may be suggested by the Departments, Services, or other Agencies. The use of the form set forth at § 1607.703 (c) is recommended for this purpose. Reassignments may also be initiated by the War Contracts Board or by the Assign-

ments and Statistics Branch of its own motion. A case will not be withdrawn from any Department without that Department's approval except by express direction of the War Contracts Board. nor will a reassignment become effective if objection to such reassignment is filed in writing by a Department with the Assignments and Statistics Branch within 10 days following receipt of such reassignment unless such objection is overruled by action of the War Contracts Board. The Assignments and Statistics Branch may withdraw an assignment from a War Department Service without its approval. [RR 205.1]

(b) Transfer of information on reassignments. Upon notice that a case has been reassigned, there will be transmitted directly to the Department or Service holding the reassignment all information obtained from the contractor relating to the fiscal period subject to renegotiation. IRR 205.21

§ 1602.206 Cancellation of assignment—(a) General. (1) The War Contracts Board will cancel the assignment of any contractor on the ground that the contractor is not subject to renegotation or on the ground that it clearly appears that the profits realized by the contractor were not excessive or when clearly appropriate under other circumstances disclosed. Ordinarily, assignment will not be cancelled except upon the recommendation or concurrence of the Department or Service to which the assignment was issued.

(2) Cancellations will not be issued in doubtful cases or in the absence of sufficient information in writing upon which an intelligent determination can be based. Representations of fact by contractors, however, will be accepted at full value in the absence of contradictory evidence, and if not obviously subject to question or doubt.

(3) Unless and until a cancellation is issued by the War Contracts Board, the assignee Department or Service is charged with the responsibility of the assignment. Accordingly, pending action upon an application for cancellation, the assignee Department or Service should take any action which may be necessary to preserve the Government's rights against the contractor.

(4) Cancellation of assignment does not constitute a formal clearance of a contractor's responsibilities under the Act. If a contractor desires such a clearance, renegotiation must be completed and a clearance issued in the manner hereinafter provided. IRR 206.11

(b) Form for submission of request. The Department or Service submitting to the War Contracts Board a request for cancellation will accompany such request with a statement in substantially the following form:

The information cubmitted herewith has been obtained from the subject contractor. It has been considered and it is believed by this office to be substantially representative of the operations of the contractor for the ficeal period referred to. This office is of the opinion that i (excessive profits within the cence of the Renegotiation Act and tho principles applicable thereto have not

<sup>&</sup>lt;sup>1</sup> Incert applicable clause.

been realized by the contractor during the said period)¹ (aggregate sales by the contractor, and by all persons under the control of or controlling or under common control with the contractor, under contracts with the Departments (as defined in the Renegotlation Act) and subcontracts thereunder, did not exceed the statutory minimum).¹ (Other Reason:) Cancellation of the assignment of the contractor for renegotiation is recommended and requested. The Contractor's fiscal year ended.

### [RR 206.2]

(c) When not subject to act; evidence required. When cancellation of assignment is sought on the ground that the aggregate sales of the contractor for the statutory minimum prescribed by subsection (c) (6) of the 1943 act, the Department or Service requesting the cancellation may:

(1) Submit a statement to that effect

on its own responsibility, or

(2) Submit a statement by the contractor in the form appearing in § 1607.-704 (a), or

- (3) Submit a statement of the fact that the contractor has not filed a mandatory financial statement in conformity with subsection (c) (5) (A) of the 1943 act, and a statement of the Department or Service to the effect that the requirements of subsection (c) (5) (A) were called to the attention of the contractor preceding the application for the cancellation. [RR 206.3]
- (d) When no excessive profits; evidence required. When the cancellation of assignment is sought on the ground that no excessive profits have been realized on renegotiable business, the minimum information required for consideration by the War Contracts Board will ordinarily be that called for by the "Standard Form of Contractor's Report" (see § 1607.701 (a)) including section B thereof. When necessary, information will be required as to the proper allocation of costs and expenses applicable to renegotiable and other sales. IRR 206.41
- (e) Notification. If the Assignments and Statistics Branch, acting for the War Contracts Board, finds that the evidence submitted is sufficient, notice of cancellation of the assignment will be sent to the Department or Service to which the case is assigned. If there is any difference of opinion concerning the sufficiency of the evidence submitted in connection with an application for cancellation the matter shall be referred to the War Contracts Board for decision. Use of the form set forth at § 1607.704 (b) is authorized for the purpose of advising the contractor of the cancellation of his assignment. [RR 206.5]

(f) Reinstatement. Any case, the assignment of which has been cancelled, may be reinstated if at any later time such action appears appropriate. Such reinstatement may be made by the War Contracts Board on its own motion or at the suggestion of any Department or Service. [RR 206.6]

SUBPART B—PRELIMINARY INFORMATION RE-QUIRED OF CONTRACTORS

§ 1602.220 Scope of subpart. This subpart deals with mandatory filing of

financial statements required of the contractor and other preliminary information. [RR 220]

§ 1602.221 Statutory provision. Subsection (c) (5) (A) of the 1943 act provides as follows:

(5) (A) Every contractor and subcontractor who holds contracts or subcontracts, to which the provisions of this subsection are applicable, shall, in such form and detail as the Board may by regulation prescribe, file with the Board on or before the first day of the fourth month following the close of the fiscal year (or if such fiscal year has closed on the date of the enactment of the Revenue Act of 1943, on or before the first day of the fourth month following the month in which such date of enactment falls) a financial statement setting forth such information as the Board may by regulations prescribe as necessary to carry out this section. In addition to the statement required under the preceding sentence, every such contractor or subcontractor shall, at such time or times and in such form and detail as the Board may by regulations prescribe, furnish the Board any information, records, or data which is determined by the Board to be necessary to carry out this section. Any person who willfully fails or refuses to furnish any statement, information, record, or data required of them under this subsection, or who knowingly furnishes any such statement, information, records, or data containing information which is false or misleading in any material respect, shall, upon conviction thereof, be punished by a fine of not more than \$10,000 or imprisonment for not more than two years, or both.

### [RR 221]-

- § 1602.222. Filing of mandatory financial statement. In accordance with the requirements of the first sentence of subsection (c) (5) (A) of the Renegotiation Act of 1943:
- (1) The "Standard Form of Contractor's Report" (as set forth in § 1607.701 (a)) is hereby prescribed as the form of mandatory financial statement generally required to be filed by contractors and subcontractors.
- (2) The "Standard Form of Contractor's Report (For Construction Contractors, Architects and Engineers)" (as set forth in § 1607.701 (c)) is hereby prescribed as the form of mandatory financial statement required to be filed by contractors and subcontractors principally engaged in the construction business.
- (3) The "Standard Form of Contractor's Report (For Agents, Brokers and Sales Engineers)" (as set forth in § 1607.701 (e)) is hereby prescribed as the mandatory form of financial statement required to be filed by sales agents and others whose principal business falls within the definition of subcontracts as set forth in subsection (a) (5) (B) of the 1943 act.
- (a) Sufficiency of contents. Except as hereinafter stated, the forms of "Standard Form of Contractor's Report" are required to be prepared in duplicate in accordance with the instructions which relate to them respectively and which appear in § 1607.701 (b), (d) and (f). The reports are required to comprise all the information and exhibits specified by the forms and the instructions. However, if all the information

called for by the appropriate "Standard Form of Contractor's Report" has been furnished by the contractor to an Agency authorized to conduct renegotiation proceedings under the 1943 act, the contractor may complete the "Standard Form of Contractor's Report" by incorporating by reference the information so furnished and making a specific statement of the time and place of such filing. In such case, the fact that the information has been received will be certified to by the renegotiating Agency on the copy of the "Standard Form of Con-tractor's Report" which it will forward to the War Contracts Board within sixty days after the date of receipt of the report by such Agency. A "Standard Form of Contractor's Report" so prepared and filed will be deemed to constitute a sufficient compliance with the mandatory filing requirements of this section in the absence of a notice of insufficiency sent to the contractor within 90 days after the report has been filed. [RR 222.1]

- (b) Time for filing. The mandatory financial statements hereby prescribed shall be filed on or before the first day of the fourth month following the close of the fiscal year of the contractor (or if such fiscal year had been closed on February 25, 1944, on or before the first day of June, 1944), whether or not any demand has been made by the War Contracts Board or by any person on its behalf. [RR 222.2]
- (c) Place for filing. Except as stated herein, the mandatory financial statements hereby prescribed shall be filed in duplicate with the War Contracts Prico Adjustment Board, Assignments and Statistics Branch, Room 3D 573, The Pentagon, Washington 25, D. C. Where the contractor has received a "Letter of Preliminary Inquiry" (see § 1602.223) and the "Standard Form of Contractor's Report" from a renegotiating Agency, the mandatory financial statements hereby prescribed shall be filed in duplicate with that Agency. The renegotiating Agency will forward one copy to the War Contracts Board within sixty days after receipt of the report by the Renegotiating Agency. [RR 222.3]
- (d) Availability of forms. Copies of the forms above mentioned may be obtained upon request to the Assignments and Statistics Branch. Efforts will be made to have the forms available for distribution through various channels in a d dition to the Price Adjustment Boards and Sections of the several Departments authorized to conduct renegotiation proceedings. [RR 222.4]
- .(e) Effect of filing mandatory financial statements. The filing of a mandatory financial statement in accordance with the provisions of this section will not relieve any contractor or subcontractor of the duty to furnish such other information, records or data which are determined by the War Contracts Board or its representatives to be necessary to carry out its responsibilities under the act. [RR 222.5]

§ 1602.223 Letter of preliminary inquiry—(a) Unassigned contractors. The

War Contracts Board, through the Assignments and Statistics Branch, may send to contractors and subcontractors who are identified by it as probably subject to renegotiation proceedings (excepting those who have been previously assigned) a "Letter of Preliminary Inquiry" (see § 1607.702 (a)). Such "Letter of Preliminary Inquiry" will require the recipient to file the appropriate "Standard Form of Contractor's Report" within 30 days from the date of the letter. The "Letter of Preliminary Inquiry" sent by the Assignments and Statistics Branch, will be to determine whether or not the contractor should be assigned for renegotiation and to what Department or Service, if any, such assignment should be made. The filing of the "Standard Form of Contractor's Report" will constitute compliance with the requirement for mandatory filing under § 1602,222, if filed within the time prescribed by the 1943 act. [RR 223.1]

(b) Assigned contractors. The Departments and Services may send to contractors who have been assigned to them for 1943 renegotiation the 'Letter of Preliminary Inquiry" and the appropriate Standard Form of Contractor's Report. In such cases, the filing of the Standard Form of Contractor's Report will constitute compliance with the requirements of mandatory filing under § 1602.222 if filed within the time prescribed by the 1943 act and, with respect to assigned cases, will enable a deter-mination to be made as to whether further renegotiation proceedings will be necessary. [RR 223.2]

§ 1602:224 Contractor's information and work sheet for renegotiation. The War Contracts Board, through the Department or Service to which any contractor or subcontractor is assigned, may send to such contractor or subcontractor the form "Contractor's Information and Work Sheet for Renegotiation". (See § 1607.722). The contractor's work sheet will ordinarily be used to assist the contractor in preparing information where it is contemplated that formal renegotiation proceedings will be carried to conclusion. [RR 224]

### - SUBPART C-PREPARATION FOR RENEGOTIATION

§ 1602.230 Scope of subpart. This subpart contains instructions relating to preparation for renegotiation. [RR

§ 1602.231 Negotiators—(a) Disqualification of negotiator. Renegotiation will not be carried on by a negotiator on behalf of the Government, who is, or within the preceding five years has been, an officer, director, partner, employee or in control of the contractor being renegotiated. A member of a price adjust-ment board who is, or within the preceding five years has been, an officer, director, partner, employee or in control of the contractor being renegotiated, will not sit as a member of such board while it is passing on the case of such contractor. Each negotiator, or member of a price adjustment board, will deter-

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mine whether these provisions bar him from acting in a case. Other circumstances may exist which would make it inadvisable for a negotiator or member of a price adjustment board to act in a case and such situations can best be determined by the negotiator or member involved. Accordingly, a negotiator or member of a price adjustment board has the responsibility of determining whether he should refrain from acting in a particular case under the circumstances. [RR 231]

# SUBPART D-CONDUCT OF RENEGOTIATION

§ 1602.240 Scope of subpart. This subpart includes instructions on the conduct of renegotiation. [RR 240]

§ 1602.241 Commencement of renegotiation. Renegotiation proceedings are commenced by mailing by registered mail reasonable notice of the time and place of a conference to be held with respect to the renegotiation. A form which may be used for such purpose is set forth in § 1607.721. Such notice shall be given in all cases of renegotiations with respect to fiscal years ending after June 30, 1943. In any case where a further conference is unnecessary by reason of the progress which has been made in renegotiation prior to the sending out of the formal notice, the notice should be sent, but the conference can be waived by agreement with the contractor. [RR 241]

§ 1602.242 Data presented by contractor. The contractor should be prepared to present all the factual data pertinent to the consideration of his case. In this connection, reference is made to the information required in the mandatory financial statement (§ 1602.220 and following) and to other parts hereof. A Contractor's Information and Work Sheet for Renegotiation is set forth at § 1607.722 and the use of such form is not mandatory but should prove helpful to the contractor in assembling data pertinent to his case. (See § 1602.224.) [RR 242]

PART 1007-FORMS FOR RESIDENTATION 1

SUSPART A-FORMS RELATING TO IDENTIFICATION, ASSIGNMENT AND CANCELLATION OF CASES

Forms for mandatory filing of fi-1607.701 nancial statements under sub-section (c) (5) (A). Standard Form of Contractor's Report.

(b) Instructions for Preparation of Stand-

ard Form of Contractor's Report. (c) Standard Form of Contractor's Report
(For Construction Contractors, Architects and Engineers).

(d) Instructions for Preparation of Standard Form of Contractor's Report (For Construction Contractors, Architects, and Engineers).

(e) Standard Form of Contractor's Report

(For Agents, Brokers and Sales Engineers).

(f) Instructions for Preparation of Stand-ard Form of Contractor's Report (For Agents, Brokers and Sales Engineers).

1007.702 Letters of preliminary inquiry. (a) Letter of Preliminary Inquiry (For Use Accignments and Statistics py

Branch).
(b) Letter of Preliminary Inquiry (For Use in Assigned Cases).

1607.703 Accignment forms.

(a) Form No. 101 (Suggestion for Assign-

ment).
(b) Form No. 102 (Assignment Notice).
(c) Form No. 103 (Suggestion for Reassignment).

1607.704 Forms for cancellation of assignment.

(a) Statement by Contractor of Non-applicability.
(b) Notice to Contractor of Cancellation

of Accignment.

(c) Request by Renegotiating Agency for Cancellation. 1607.705 Transmittal forms to and from

Departments.
(a) Form No. SPRA I-1 (Assignment Transmittal to Departments).

(b) Form No. SPRA 1-235d1 (Reassign-

ment Request; Cancellation Request).

(c) Form No. SPRA I-2ax5dix (Disapproved Reassignments; Disapproved Cancellations).

(d) Form No. SPRA I-205d2 (Approved Reactignment; Approved Cancella-

(e) Form No. SPRA I-5a (Completed Settlements).

(f) Form No. SPRA I-5b (Impasse Unilateral Determination; Department Transmittal Report).

(g) Form No. SPRA I-5c (Completed Clearances; Department Transmittal Report).

(h) Form No. SPRAE-8 (Identification, Tabulation Form).

(i) Instructions for Preparation of Identification. Tabulation Form (SPRAE-8).

1607.708 Transmittal forms to and from Services.

(a) Form No. SPRA I-1 (Assignment Transmittal to Services).
(b) Form No. SPRA I-225d1 (Reassign-

ment Request; Cancellation Request).

(c) Form No. SPRA I-2ax5dix (Disapproved Reactignments; Disapproved Cancellations).

(d) Form No. SPRA I-2b5d2 (Approved Reassignment; Approved Cancellation).

(e) Form No. SPRA I-5abc (Completed Settlements; Impasses; Completed Clearances)

(1) Form No. SPRA I-5abox (Returned Settlements, Impasses or Clearances).

SUBPART D-FORMS RELATING TO OPERATION OF EMPLOGRATION

1607.721 Notice of Commencement of Renegotiation Proceeding.

1607.722 Contractor's Information and Work Sheet for Renegotiation.

### SUPPART I-ADDRESSES

1607.791 War Contracts - Price Adjustment Board.

Principal office.

(b) Chairman.

(c) Office of General Counsel..

(d) Accignment office. (e) Pentagon office.

1607.792 Departmental Price Adjustment .
Esards. 1607.783 War Department Price Adjustment

Sections. (a) Headquarters.

(b) Field Offices of Price Adjustment Sactions.

No. 78----3

The reporting requirements in this part have been approved by the Burçau of the Budget in accordance with the Federal Reports Act of 1942.

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§ 1607.701 of financial	F.
(c) (5) (A)- tractor's Re	<u> </u>
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STANDARD 1	
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epartment Price Adjustment artment Price Adjustment Price Adjustment Boards. nd Sales Renegotiation Sec-MS RELATING TO IDENTIFInment and cancellation of orms for mandatory filing tements under subsection a) Standard Form of Con-M OF CONTRACTOR'S REPORT filed in duplicate) SECTION A . ereto are two copies of our nents, consisting of Balance and Profit and Loss State-

ONTRACTS PRICE ADJUSTMENT E JOINT PRICE ADJUSTMENT

us Statement for the calenfor our latest complete fiscal ruction No. 1) te that our total business,

at under cost-plus-fixed-fee ts, during our latest com-(ended\_\_\_\_, 194\_\_) con-lowing: (See Instruction No.

negotiation:

- s (prime contracts ase orders) (See In-Nos. 3, 6)\_\_\_\_\_\$\_\_\_
- les for war end use cts of any tier, pur-rs, etc., except those 3 and 4) (See In-Nos. 4, 5, 6)-----
- s and other income, meaning of Sec. 403 the Renegotiation nstruction No. 7) ---Instruction No. 8) --
- business subject to (Exclusive of

to renegotiation

- ruction No. 9) . et or indirect to the in the Act, but exrenegotiation\_\_\_\_
- neither directly nor to the Departments Agencies named in business not subject
- iation\_\_\_\_\_

# tal Business for Period (Exclusive of CPFF)

III. We (did) (did not) have CPFF contracts during our latest closed fiscal year. If answer is affirmative statement in duplicate of total billings, costs, and net fees applicable thereto is attached. (See Instruction No. 10)

IV. Our over-all cost of manufacture was divided approximately as follows: (See Instruction No. 11)

Materials used (including parts and sub-assemblies purchased) \_\_\_\_\_% Other costs\_\_\_\_\_\_%

Total\_\_\_\_\_\_100 %

V. We believe that the Governmental Agency which had the greatest financial interest in our business (direct and indirect including CPFF) subject to the provisions of the Renegotiation Act was (See Instruction No. 12)

(Department (Service or Bureau or Recon-or Agency) struction Finance Corporation subsidiary)

VI. Listed below, in order of importance, are the three principal products sold or services rendered entering into renegotiable business for our latest complete fiscal year, and the functions performed by us with respect to each, such as manufacturing, assembling, distributing, etc.

Product or Service: 2. \_\_\_\_\_

VII. Salaries and other compensation (including commissions, bonuses and other forms of extra compensation) to our highest paid officers and employees (not exceeding five in number) who received \$10,000 or more per annum for our latest complete fiscal year were as follows:

Name and Title: Amount 1. ..... 2. \_\_\_\_\_\_ 3. \_\_\_\_\_\_

VIII. The estimated cost of facilities furnished or financed by the United States Government as of the close of our latest com-plete fiscal year was \$.\_\_\_\_\_\_. IX. Profit before Federal taxes on income,

shown by financial statements submitted in accordance with Item I above (does) (does not) differ by more than 5 percent from net income shown by Federal income tax returns filed or to be filed for the year. (If difference is in excess of 5 percent, explanation of major components of difference is

attached in duplicate.)

X. Charges for post-war conversion or reconversion, inventory reserves, contingencies or other items not deductible for tax purposes (are) (are not) included in costs and expenses in the statements for our latest complete fiscal year submitted herewith. (If statement is affirmative, a schedule showing details is attached, in duplicate.)

XI. There (were) (were no) changes in the form or control of our organization (including reorganizations, dissolutions, acquisition and/or disposal of subsidiaries, etc.) during our latest complete fiscal year. (If statement is affirmative, an explanation is at-

tached, in duplicate.)

XII. We (have) (have not) entered into a formal agreement or received an authorized clearance notice under the Renegotiation Act with respect to any of our past fiscal years. If answer is affirmative, name and address of Price Adjustment Board or Section is given below:

# SECTION B

(Items XIII, XIV, and XV, comprising Section B of this report are not required to be filled out by contractors or subcontractors who have entered into formal agreements or received authorized clearance notices under the Renegotiation Act with respect to any past fiscal years. However, the data, if furnished, will expedite the disposition of the case and should be presented if readily available.)

XIII. Attached hereto are the following: (A) A brief statement (in duplicate) of the nature of our pre-war business and the extent and approximate date of its conversion to the war effort; also a brief description of our principal peacetime products.

(B) A statement (in duplicate) showing names and addresses of our parent, subsidiary and affiliated companies or organizations with a brief description of the character of their business and the nature and extent of their affiliation. Included also is a statement as to whether or not we believe that the operations of such companies or organizations should be consolidated with those of this company for renegotiation on an over-all basis if such renegotiation be required.

XIV. Condensed income data for

years, exclusive of charges for extraordinary reserves and other items not allowed as deductions for tax purposes, are shown below (in thousands of dollars) (See Instruction No. 15):

Years ended\_\_\_\_\_ 1942 1939 1938 1937 1936 (1) Net sales\_\_\_\_\_\_(2) Taxable net income per Federal tax return\_\_\_\_ (3) Net fees on CPFF contracts (included in line 2)

XV. Salaries and other compensation (including commissions, bonuses and other forms of extra compensation) to our highest paid officers and employees (not exceeding five in number) who received \$10,000 or more per annum for any of our fiscal years indicated below, as follows:

	Name ana	Title	1942	1941	1940	1939
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2.						
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of contractor) tions and supporting data hereby submitted are true and correct and in accordance with instructions furnished with this form to the best of my knowledge and belief, subject to such qualifications as are specifically set forth.

. (Signature)

# [RR 701.1]

(b) Instructions for Preparation of Standard Form of Contractor's Report.

INSTRUCTIONS FOR PREPARATION OF STANDARD FORM OF CONTRACTOR'S REPORT

Be sure to use the correct form of report

Three separate Standard Forms of Contractor's Report have been prescribed by the War Contracts Price Adjustment Board, for the following types of business covered by the Renegotiation Act:

1. Persons principally engaged in manufacturing and general business other than (2) and (3) below. (Form entitled "Standard Form of Contractor's Report.")

2. Persons principally engaged on construction projects, including those operating under architect-engineer contracts. (Form entitled "Standard Form of Contractor's Report (For Construction Contractors, Architects, and Engineers).")

3. Brokers, sales agents, etc., as defined in subsection (a) (5) of the Renegotiation Act. (Form entitled "Standard Form of Contractor's Report (For Agents, Brokers, and Sales Engineers).")

Filing of the Appropriate "Standard Form of Contractor's Report" in satisfactory form is required to comply with the statutory filing provision in subsection (c) (5) (A) of the 1943 Renegotiation Act. If the attached is not the appropriate form, copies of the proper form can be obtained by writing to War Contracts Price Adjustment Board, Assignments and Statistics Branch, Renegotiation Division, Room 3D 573, The Pentagon, Washington 25, D. C., or the office from which this document was received.

1. Item I. Copies of audit reports by independent public accountants should be sub-mitted if available. If such audit reports have not been prepared, in lieu thereof there should be submitted in duplicate financial statements for the latest closed fiscal year, consisting of (A) a balance sheet, as of the close of such fiscal year, and (B) a statement of income and surplus for such fiscal year. These statements must be in reasonable detail: the balance sheet must show the gross plant account and related allowance for depreciation; each reserve must be stated separately; and the income statement must show sales and cost of sales. Unaudited statements may be filed if they are in accord with the contractor's records and if the contractor certifies that the statements are correct to the best of his knowledge and belief. All deviations from the contractor's records should be noted and explained.

2. Item II. For the purpose of this report, a careful estimate by the contractor as to the segregation of his renegotiable and nonrenegotiable business will be accepted and received without prejudice. Attention is directed to Instruction No. 5, relative to the inclusion of renegotiable subcontracts.

3. Item II-A-1. Direct sales subject to renegotiation should include the total amount. of contractor's net billings for his latest complete fiscal year on direct sales (under prime contracts and purchase orders except those contracts and purchase orders except those based on cost-plus-fixed-fee contracts) to the War, Navy and Treasury Departments, Maritime Commission, War Shipping Ad-ministration and the following subsidiaries of the Reconstruction Finance Corporation, Defense Plant Corporation, Metals Reserve Company, Defense Supplies Corporation, and Rubber Reserve Company; sales under lend-lease contracts may be classified according to the Agency through which the contracts were negotiated.

4. Item II-A-2. Indirect sales for war end use should include the total amount of contractor's net billings for his latest complete fiscal year on indirect sales (under subcontracts of any tler, as interpreted below) except those to be entered as II-A-3 and -4, and those based on cost-plus-fixed-fee con-

5. Interpretation of subcontract: Under the statutory definition of "subcontract" (Sec. 403 (a) (5)), profits on the production and sale, or the sale, of articles required for the performance of another contract or subcontract are subject to renegotiation, as well as profits on the production or sale of all materials, down to and including raw materials, except certain specified products exempted under subsection (i) of the Act. This definition is interpreted to include contracts not only with prime contractors but also with other subcontractors, if such contracts are-

a. for the sale or processing of an end prod-uct or of an article incorporated therein,

b. for the sale, furnishing or installation of machinery, equipment or materials used in the processing of an end product or of an article incorporated therein,

c. for the sale, furnishing or installation of machinery used in the processing of other machinery to be used in the processing of an end product or of an article incorporated

d. for the sale, furnishing or installation of component parts of or subassemblies for machinery included in (c) above and machinery, equipment and materials included

in (b) above, and
e. for the performance of cervices directly
required for the performance of contracts or
subcontracts included in (a), (b), (c), and (d) above.

The term "component part" shall be deemed to include materials and ingredients.

With respect to machinery, equipment or materials "used in processing".

(1) In general it is intended to include as subject to statutory renegotiation the rale of all machinery, equipment, materials and other articles which contribute directly to the actual production of an end item or an article incorporated therein, in connection with the physical handling of the item from the time of entry of the component materials to departure of the item from the plant in question and to include all machinery which similarly contributed directly to the actual production of other machinery co used.

(2) It is intended to exclude the cale of articles which contribute only indirectly to the actual manufacturing process, such as (a) products used for general plant maintenance, including fuel and equipment to produce light, heat and power, (b) equipment needed for general office maintenance, including all types of office machiney and supplies, (c) eafety equipment and clothing.

(3) It is not intended, however, to exclude from renegotiation any articles otherwise subject to renegotiations which are cold directly to a Department, or to a contractor when the items are to be ultimately recold to a Department either as end products or as

component parts included therein.

The term "articles" in the statutory definition of subcontract is interpreted to include commercial products as well as equip-ment fabricated for particular uses or pur-

The fact that commercial products are sold for industrial uses, either directly or through jobbers or other commercial channels, does not exclude such articles from this definition. The same tests are applied to both ordinary commercial products and equipment fabricated for special uses and purposes.

The fact that articles are cold under price ceilings fixed by OPA or as the result of competitive bidding does not exclude the cale

of such articles from renegotiation.
6. Contracts subject to profit limitations:
If the contractor made deliveries under contracts or subcontracts subject to profit limitations, the total billings under such contracts should be included as part of renego-tiable sales, but should also be shown in a separate schedule, in duplicate, in which should be stated the amount so included.

7. ITEM II-A-3. "Commissions and other income, within the meaning of Sec. 403 (a) (5) of the Renegotiation Act" refers to income as recorded on the contractor's books. from the execution of any contract or arrangement (a) to procure one or more contracts with a Department or one or more war end use subcontracts when the amount of such income was contingent upon such pro-curement, or was determined with reference to the amount of such contracts or subcontracts or (b) under which any part of the services performed or to be performed, con-sisted of the soliciting, attempting to procure or precuring one or more contracts with a Department or one or more war end up subcontracts.

A contract or arrangement for this purpose does not exist when one of the contracting parties is a bono fide executive officer, partner, or full-time employee of the other contracting party.

8. Item II-A-4. Other renegotiable business. Any income, receipts, or accruals, such ns royalties, management fees, etc.; (except from cost-plus-fixed-fee contracts), not included in II-A-1, -2, or -3, which are sub-ject to renegotiation, should be entered on this line.

9. Item II-B. Eusiness not subject to renegotiation. Certain direct and indirect sales exempted from renegotiation by subsection (i) of the Act and administrative rulings thereunder, chould be entered at II-E-1. Other cales, excluded because they were not made, directly or indirectly, to Departments and Agencies named in the Act, should be entered as II-B-2.

entered as II-B-2.

Since the difficulty of making an accurate regregation between sales "Subject to Renegotiation" and those "Not Subject to Renegotiation", is recognized, contractors should take care to report as "Subject to Renegotiation" all business except that which is clearly not renegotiable as a matter of law or of administrative ruling. Such a report will be

received without prejudice.

10. Item III. Gost-plus-fixed-fee (CPFF) contracts. If the contractor performed under one or more cost-plus-fixed-fee direct contracts or subcontracts subject to the Renegotiation Act, during his latest closed fiscal year, he should report in a separate statement in duplicate, the total of his billings, costs, and net fees thereunder. If he is unable to report costs, an explanation of the reasons therefor should be submitted.

11. Item IV. The percentages to be entered in IV relate to the cost of manufacturing products cold under fixed price contracts or in the regular course of business, but not to cost-plus-fixed-fee contracts. The percentages should be based on manufacturing costs only, and should not relate to amounts which include colling and administrative expenses. If the information requested cannot be readily obtained or estimated, a statement out-lining the difficulties involved must be submitted.

12. Item V. There should be entered on the first blank line the names of the renegotiating Department or Agency (e. g. Navy, Re-construction Finance Corporation) and on the second blank line the name of the related Service, Bureau or R. P. C. subsidiary (e. g. Bureau of Ordnance, Dafense Supplies Corporation) which the contractor believes (without detailed analysis) purchased the largest proportion of his war end use output during the latest complete fiscal year, both under direct contracts and as components of preducts acquired from other contractors.

The Governmental Agencies which conduct

renegotiation proceedings are:
1. War Department.

2. Navy Department. 3. Maritime Commission.

4. War Shipping Administration.

5. Treasury Department.

6. Reconstruction Finance Corporation, on behalf of its subsidiaries: Defense Plant Cor-poration; Defense Supplies Corporation; Metals Reserve Company; Rubber Reserve Company.

The interested Services included in the

War Department are: Army Air Forces. Chemical Warfare Service. Corps of Engineers. Ordnance Department. Quartermaster Corps. Signal Corps. Surgeon General.

Transportation Corps.
The interested Bureaus included in the Navy Department are: Bureau of Acronauties.

Bureau of Ordnance. Bureau of Ships.

Bureau of Supplies and Accounts.

Bureau of Yards and Docks.

13. Section B. Items XIII. XIV and XV.

comprising Section B of this report are not required to be filled out by contractors or subcontractors who have entered into formal agreements, or received authorized elearnes notices under the Renegotiation Act with re-spect to any past fiscal years. However, the data, if furnished, will expedite the disposition of the case and should be presented if readily available.

- 14. Item XIII-B. By "affiliated companies or organizations" is meant all persons under the control of or controlling or under common control with the contractor or subcontractor.

15. Item XIV. The information as to operations of the contractor for the indicated taxable years is necessary for the proper consideration of the effect of war business on the volume of sales and amount of profits. If the profits for any of the fiscal years relate to operations under cost-plus-fixed-fee contracts, the amount of the net fees on such contracts should be shown on line (3) of Item XIV as a memorandum, and should also be included in "Taxable net income per Federal tax return" (line 2). Gross billings and costs under such contracts should not be included.

16. If information previously filed. If all of the information called for by this form has been furnished the Price Adjustment Agency to which the contractor has been assigned, this Standard Form of Contractor's Report can be completed by reference, stating specifically the place and date of filing. When certified by the appropriate Price Adjustment Agency that it has received such information, this report will be accepted by the War Contracts Price Adjustment Board as having com-plied with mandatory filing under the first sentence of subsection (c) (5) (A) of the 1943 Act.

### [RR 701.2]

(c) Standard Form of Contractor's Report (For Construction Contractors, Architects and Engineers).

Refer to LPI

STANDARD FORM OF CONTRACTOR'S REPORT (FOR CONSTRUCTION CONTRACTORS, ARCHITECTS AND ENGINEERS)

(To be filed in duplicate)

From: \_\_\_\_\_\_ To: The War Contracts Price Adjustment Board or the Joint Price Adjustment Board:

I. Attached hereto are copies of our Federal Income Tax and Excess Profits Tax Returns for the calendar year 1943, or for our latest completed fiscal year. The method of re-porting for Income Tax purposes is: (a) Cash job basis \_\_\_\_\_, (d) Percentage of Completed job basis \_\_\_\_\_, (d) Percentage of Completion basis \_\_\_\_\_. If the Tax Return does not disclose gross contract earnings and job costs, a schedule of these items is attached hereto.

II. Our method of accounting employed for book purposes is the \_\_\_\_\_ basis, and we estimate that our total business during our latest completed fiscal year (ended 194\_) consisted of the following: (See Instruction No. 1)

A. Subject to renegotiation. (See Instruction No. 1.)

1. Construction work (prime contracts and

subcontracts):
Lump sum or unit price work\_\_\_\_ \$\_\_\_\_ Cost-plus-fixed-fee work (reimbursables plus fixed fee and any other earnings.\_\_\_\_\_Contractor's proportionate share of total joint venture business

(See Instruction No. 2) Other (describe briefly)\_\_\_\_\_\_

Total construction work\_ Rental income from owned equip-ment not included in construction business. 3. Sales for war end use and other earnings \_\_

4. Total of business subject to rene-

gotiation\_\_\_\_\_

B. Not subject to renegotiation. (See Instruction No. 3.)
1. Construction work, rentals, sales

and other gross business directly or indirectly with the Departments and other Agencies named in the Act, but exempt

or indirectly with the Departother. Agencies ments and named in the Act.

3. Total of business not subject to renegotiation \_\_\_\_\_

C. Total business during latest completed fiscal year\_\_\_\_\_ \$\_\_

III. Our total business listed above was divided as follows:

Uncompleted business Subject to renegotiation\_\_ \$\_\_\_\_ Not subject to renegotiation \_\_\_\_ \$ Total business\_ \$\_\_\_\_ \$----

IV. We believe that the Governmental Department or Agency which had the greatest financial interest in the above business (direct and indirect) subject to the provisions of the Renegotiation Act was (see Instruction No. 5)

(Department or Agency)

(Approximate percent of total business)

V. Commissions within the meaning of Section 403 (a) (5) of the Renegotiation Act (were) (were not) received or accrued by us. If answer is affirmative, a statement in duplicate showing the amount and an explanation thereof is attached. (See Instruction No. 6.)

VI. There (were) (were not) changes in the form or control of organization (including reorganizations, dissolutions, acquisition and/or disposal of subsidiaries, etc.) during the latest completed fiscal year. (If state-ment is affirmative, an explanation in duplicate is attached.)

# SECTION B

(Items VII through XII, comprising Section B of this report, are not required to be filled out by contractors or subcontractors in the event that their estimate of business subject to the Renegotiation Act as shown in Item II A and Item II B-1 together does not exceed the statutory minimum)

VII. We are organized as a: Corporation Partnership Individual Joint Venture Attached hereto is a statement in duplicate of the information required by Instruction No. 7.

VIII. There (were) (were not) during the period under review partners or persons hav-ing an interest in our Government contracts or other Government business who were not signatories to the contracts or agreements. If answer is affirmative, a full explanation in duplicate is attached hereto.

. IX. We (are) (are not) directly or indirectly interested in any of the subcontractors or any of the firms or corporations from whom we have purchased or rented materials or equipment for this contract. If answer is affirmative, an explanation in duplicate

X. Attached hereto are the following:

A. A brief statement in duplicate of the history of our organization and operations.

B. A list in duplicate of the names and addresses of all subsidiaries, affiliated companies, and organizations or persons under the control or controlling, or under common control with the contractor, with an explanation of the relationships.

XI. Attached hereto is a schedule in duplicate of contract data showing the informa-tion required by Instruction No. 8 for each contract and subcontract in excess of \$50,000 as reported in Item II A. All contracts less than \$50,000 are reported in total only.

XII. Attached hereto is a schedule in duplicate of contract data showing the informacate of contract data snowing the information required by Instruction No. 9 for each contract and subcontract in excess of \$50,000 as reported in Item II B. All contracts less than \$50,000 are reported in total only.

(Exact name of contractor-not abbreviated) Ву (Authorized corporate officer, partner or proprietor) (Title) Date ,.... I, the undersigned, . (Title of signer and name of contractor)

certify that the representations and supporting data hereby submitted are true and correct and in accordance with instructions furnished with this form to the best of my knowledge and belief, subject to such qualifications as are specifically set forth.

(Signature)

[RR 701.3]

(d) Instructions for Preparation of Standard Form of Contractor's Report (For Construction Contractors, Architects and Engineers).

INSTRUCTIONS FOR PREPARATION OF STANDARD FORM OF CONTRACTOR'S REPORT

(For Construction Contractors, Architects, and Engineers)

BE SURE TO USE THE CORRECT FORM OF REPORT

Three separate Standard Forms of Contractor's Report have been prescribed by the War Contracts Price Adjustment Board, for the following types of business covered by the Renegotiation Act:

1. Persons principally engaged in manufacturing and general business other than

(2) and (3) below. (Form entitled "Standard Form of Contractor's Report.")

2. Persons principally engaged in construction projects, including those operating under architect-engineer contracts. (Form entitled "Standard Form of Contractor's Research (1987) port (For Construction Contractors, Architects, and Engineers).")

3. Brokers, sales agents, etc., as defined in subsection (a) (5) of the Renegotiation Act. (Form entitled "Standard Form of Contractor's Report (For Agents, Brokers, and Sales Engineers).")

Filing of the Appropriate "Standard Form of Contractor's Report" in satisfactory form is required to comply with the statutory filing provision in subsection (c) (5) (A) of the 1943 Renegotiation Act. If the attached is not the appropriate form, copies of the proper form can be obtained by writing to War Contracts Price Adjustment Board, Assignments and Statistics Branch, Renegotiation Division, Room 3D 573, The Pentagon, Washington 25, D.'C., or the office from which this document was received.

1. Item II. Total business should include the aggregate of the amounts received or accrued in the latest completed fiscal year (according to the method of accounting employed by the contractor or subcontractor in keeping his books) from construction contracts, equipment rentals, sales and other business. The method of accounting employed for book purposes should be stated.

For the purpose of this report, it is not necessary to have an exact segregation of business as to renegotiable and non-renegotiable, if such would require detailed accounting analysis. For the present, if necessary, the contractor's best estimate will be accepted and received without prejudice. However, a more accurate analysis may have to be made if the contractor's representation of renegotiable business approaches the statutory minimum. Also, if renegotiation proceedings are to be continued, a request for more accurate segregation and allocation may be made.

2. Item II-A-1. In reporting contractor's porportionate share of joint venture business, gross contract and other earnings of each Joint venture, including relmbursements in the case of cost-plus-a-fixed-fee joint venture contracts, should be taken into account.

- 3. Item II-B. Sales not subject to renegotiation. Certain direct and indirect sales have been exempted from renegotiation by subsection (i) of the Act and administrative rulings thereunder. Since the difficulty of making an accurate segregation between sales "Subject to Renegotiation" and those "Not Subject to Renegotiation, is recognized, contractors should report as "Subject to Renegotiation" all business except that which is clearly not renegotiable as a matter of law or of administrative ruling. Should a continuance of renegotiation proceedings be required, necessary corrections in the segregation on the Standard Form of Contractor's Report (for Construction Contractors, Architects and Engineers) will be made.
- 4. Item II-B. Construction contracts awarded as a result of competitive bidding. The War Contracts Price Adjustment Board has adopted the following interpretation of the exemption under the Renegotiation Act of construction contracts awarded as a resuit of competitive bidding: The exclusion from renegotiation of construction contracts with a Department awarded as a result of competitive bidding applies only to contracts for the construction of buildings, structures, improvements and other similar facilities let to the lowest qualified bidder and which were entered into after advertisement and for which bids have been received from two or more independent, responsible and qualified contractors in actual competition with each other. This section of the Act is applicable only to amounts received or accrued under such contracts for fiscal years ending after June 30, 1943, and applies regardless of the date when the contracts were made. Contracts for the furnishing of materials or supplies or for the lease or sale of machinery or equipment are not deemed to be within the scope of this provision of the Act.

The Board has found that competitive conditions affecting the making of construction contracts and subcontracts entered into subsequent to June 30, 1943, were such as to result in effective competition with respect to the contract or subcontract price where · all of the following conditions exist:

(1) The contract or subcontract is one for the construction of buildings, structures, improvements or other similar facilities. Contracts and subcontracts for the furnishing of materials or supplies or for the lease or sale of machinery or equipment are not within the scope of this exemption.

(2) The contract was entered into subsequent to June 30, 1943, and did not constitute a substitute for or a revision or extension of an existing contract entered into on or before June 30, 1943. (3) The work covered by the contract was

substantially the same as the work for which the bids were requested.

(4) Bids were received from two or more responsible and qualified contractors, who were independent of each other and were in actual competition with each other for the work for which bids were requested.

(5) The contract price was not in excess of the low bid received.

5. Item IV. There should be entered on the first blank line the name of the renegotiating Department or Agency (e. g. Navy, Reconstruction Finance Corporation) which during the contractor's latest completed fiscal year had the largest proportionate interest in his war end use business both under direct contracts and as components of prod-

ucts acquired from other contractors.

The Governmental Agencies which conduct renegotiation proceedings are as follows:

- 1. War Department
- 2. Navy Department
- 3. Maritime Commission
- 4. War Shipping Administration

5. Treasury Department 6. Reconstruction Finance Corporation, on behalf of its subsidiaries: Defence Plant Corporation. Defence Supplies Corporation. Metals Reserve Company.

Rubber Reserve Company.

6. Item V. "Commissions within the meaning of Sec. 403 (a) (5) of the Renegotiation Act" refers to income as recorded on the contractor's books, from the execution of any contract or arrangement (a) to pro-cure one or more contracts with a Department or one or more war end use subcontracts when the amount of such income was contingent upon such procurement, or was determined with reference to the amount of such contracts or subcontracts, or (b) under which any part of the services performed or to be performed, consists of the soliciting, attempting to precure or procuring one or more contracts with a Department or one or more war end use subcontracts.

A contract or arrangement for this purpose does not exist when one of the contracting parties is a bona fide executive officer, partner, or full-time employee of the other contracting party.
7. Item VII. If a Corporation, give date

of incorporation and state in which incorporated. Also give names, addresses of officers together with their respective percent-

ages of stock ownership.

If a Partnership, state the date of formation, and give names and addresses of all partners and their respective percentages of

interest in its income.

If a Joint Venture, give date of formation, and names and addresses of all participants together with their respective percentages of interest in its income.

Where two or more parties enter into an arrangement for the performance jointly of one or more projects the combination resulting from such arrangement is commonly referred to as a "Joint Venture". Such a Joint Venture is regarded as an entity which, with respect to its contracts or subcontracts within the scope of the Renegotiation Act of 1943, is a "contractor" or "subcontractor" within the meaning of the Act. Therefore, each Joint Venture is renegotiated ceparately with respect to its renegotlable contracts and

subcontracts.
8. Item XI. Submit the following infermation for each contract and subcontract in excess of \$50,000 as reported in Item II-A. No detail is required for contracts of less than 850,000. The total sum of all such contracts may be reported as one amount.

A. Contract number of each contract or subcontract. Show under this Item the

Government or other prime contract number and, if a subcontract the Government or other number assigned to the related prime contract.

B. Type of contract advertised or negotlated; lump sum unit price or cost-plus-afixed-fee; prime contract or subcontract; architect-engineer, construction or combination).

C. If a prime contract, with what Department made (War, Navy, Treasury Departments, Maritime Commission, War Snipping Administration, Defense Plant Corporation, Metals Reserve Company, Defense Supplies Corporation, Rubber Reserve Company).

D. If a subcontract, name and address of prime contractor, and Department with which he made contract, if available.

E. Total contract price, including amendments. In the case of cost-plus-a-fixed-fee contracts, show separately the estimated cost, final cost, and fee.

P. Brief description of work.

G. Location of work.

H. Amounts and percentages completed at beginning and end respectively of fiscal year.

I. Approximate percent and types of work subcontracted to others. List each subcontract let in excess of \$50,000, showing the name and address of the subcontractor, type and amount of work subcontracted.

J. Date work was commenced and completed, or estimated completion date.

K. State year or years in which income was reported for tax purposes and, if reported in more than one year, the amount reported in each year.

L. If a joint venture contract, list the names and addresses of all joint venturers.

9. Item XII. Submit information showing for each contract and subcontract in excess of 050,000 as reported in Item II-B the details as shown in A through G of Item XI above. No detail is required for con-tracts of less than \$50,000. The total sum of all such contracts may be reported as one amount.

10. If information previously filed. If all of the information called for by this form has been furnished the Price Adjustment Agency to which the contractor has been assigned, this Standard Form of Contractor's Report can be completed by reference, stating spe-clifically the place and date of filing. When certified by the appropriate Price Adjustment Agency that it has received such information, this report will be accepted by the War Contracts Price Adjustment Board as having complied with mandatory filing under the first centence of subsection (c) (5) (A) of the 1943 Act.

# [RR 701.4]

(e) Standard Form of Contractor's Report (For Agents, Brokers and Sales Engineers).

Refer to: LPI

STANDARD FORM OF CONTRACTOR'S REFORT (For Aserits, Brokers and Sales Engineers)
(To be filed in duplicate)

	(10 ne mea in dubitence)
From:	
	****

To: WAR CONTRACTS PRICE ADJUSTMENT BOARD OR THE JOINT PRICE ADJUSTMENT

I. Attached hereto are copies of our Federal Income Tax and Excess Profits Tax returns, financial statements or annual report to stockholders covering our latest com-pleted fiscal year. (See Instruction No. 1). II. We estimate the total business dur-ing our latest completed fiscal year

(ended ., 194\_\_) consisted of the following: (See Instruction No. 2).

A. Subject to renegotiation: Commissions and other income referable to sales made or services rendered directly or indirectly to Departments and other Agencies named in the Renegotiation Act.

B. Not subject to renegotiation: (See

- Instruction No. 3.)
  1. Commissions and other income referable to sales made or services rendered directly or indirectly to Departments and other Agencies named in the Act, but exempt from renegotiation.
- 2. Commissions and other income referable to sales made neither directly nor indirectly to the Departments and other Agencies named in the Renegotiation Act.

- 3. Other business income, if any. (Explain sources and nature of such income).

C. Total business income for year. \$\_ D. Our basis for estimate of nonrenegotiable income is explained below: (or on attached sheet).

III. On a separate sheet, with respect to each of the concerns represented by us is the following information pertinent to our latest fiscal year:

- (a) Name and address of principal.
- (b) Products handled or services rendered by us. (See Instruction No. 4.)
- (c) Amounts paid or accrued to us. IV. Condensed income data for prior years: (See Instruction No. 5.)

Year	-	Gross Business Income	Business Expenses	Before Taxes	Federal Taxes on Income
		(1)	- (2)	(3)	(4) ,
1943	 				
1942	 				
1940	 				
1939	 				
	 		,		

V. Salaries and other compensation including commissions, bonuses and other forms of extra compensation paid by us to our ten highest paid officers, salesmen and employees, who received therefrom in excess of \$5,000.00 for our latest completed fiscal year, were as follows: (See Instruction No. 6.)

Position		
 ~~~~~~	 	 

(Exact name of agent or broker-not abbreviated)

(Authorized corporation officer, partner or proprietor)

I, the undersigned \_\_\_\_\_(title of signer)

certify that the representations and supporting data hereby submitted are true and in accordance with instructions furnished with this form to the best of my knowledge and belief, subject to such qualifications as are specifically set forth.

(Signature)

[RR 701.5]

(f) Instructions for Preparation of Standard Form of Contractor's Report (For Agents, Brokers and Sales Engineers).

INSTRUCTIONS FOR PREPARATION OF STANDARD FORM OF CONTRACTOR'S REPORT

(For Agents, Brokers and Sales Engineers) BE SURE TO USE THE CORRECT FORM OF REPORT

Three separate Standard Forms of Contractor's Report have been prescribed by the War Contracts Price Adjustment Board, for

the following types of business covered by the Renegotiation Act:

1. Persons principally engaged in manufacturing and general business other than (2) and (3) below. (Form entitled "Standard Form of Contractor's Report.")

2. Persons principally engaged on construction projects, including those operating under architect-engineer contracts. (Form entitled "Standard Form of Contractor's Report. (For Construction Contractor's Architects, and Engineers).")

3. Brokers, sales agents, etc., as defined in subsection (a) (5) of the Renegotiation Act. (Form entitled "Standard Form of Contractor's Report (For Agents, Brokers, and Sales

Filing of the appropriate "Standard Form of Contractor's Report" in satisfactory form is required to comply with the statutory filing provision in subsection (c) (5) (A) of the 1943 Renegotiation Act. If the attached is not the appropriate form, copies of the proper form can be obtained by writing to War Contracts Price Adjustment Board, Assignments and Statistics Branch, Renegotiation Division, Room 3D 573, The Pentagon, Washington 25, D. C., or the office from which this document was received.

1. If a financial statement or stockholders' report has not already been prepared, it need not be especially prepared for this purpose.

2. Contracts and Subcontracts within the Scope of the Act:

Subject to certain specific exemptions, the Renegotiation Act applies to contracts involving articles or services acquired by, or having an end-use with the War Department, the Navy Department, the Treasury Department, the Maritime Commission, War Shipping Administration, and the following subsidiaries of the Reconstruction Finance Corporation: Defense Plant Corporation, Metals Reserve Company, Defense Supplies Corporation, and Rubber Reserve Company. Lend-Lease contracts negotiated with the above Agencies are also included.

above Agencies are also included.

The income of agents, manufacturers' representatives and sales engineers is subject to renegotiation if derived from a "subcontract", as the term is defined in subsection (a) (5) of the Act.

Subsection (a) (5) defines as a "subcontract" any contract or arrangement (other

than a contract or arrangement between two

contracting parties, one of which parties is found to be a bona fide executive officer, partner or fulltime employee of the other contracting party).

(a) any amount payable under which is contingent upon the procurement of a contract with a Department, or a subcontract thereunder, or determined with reference to

such a contract or subcontract, or
(b) under which any part of the services
performed or to be performed consists of the soliciting, attempting to procure, or pro-curing a contract with a Department, or a

subcontract thereunder.

Subsection (a) (5) of the Act also defines a subcontract as "—any purchase order or agreement to perform all or any part of the work, or to make or furnish any article, required for the performance of any other con-

In general, the Act covers not only sales and engineering services rendered in connection with the sale of an end product purchased by one of the agencies covered by the Act, and appropriate incorporated therein but and any article incorporated therein, but also the sale or installation of machinery, equipment or materials used in processing an end product.

3. Segregation of Renegotiable and Nonrenegotiable Income:

Although the Act prescribes the type of contract subject to renegotiation, as a mat-ter of practice, it is often difficult to trace the source of a contractor's income with exactness, especially when the ultimate Departmental end-use results from a remote subcontract.

No single method of determining a proper segregation can be prescribed. Any method of segregation adapted to produce a reason-

ably accurate result may be used.

Any of your income referable to sales made in your name as contractor to the Government, or made directly by your principal to the Government, should be included as income derived from prime contracts (direct business). Income referable to other sales under Government subcontracts (indirect business) is also renegotiable, and should be included as such. Income referable to all other types of sales is non-renegotiable, and should be so stated. State in each case the rate of commission or other basis on which income in each of these classes was calculated. If several rates prevailed, state all of them, and show the volume of sales affected by each rate.

Whenever the end-use of the articles with respect to which the services were rendered is known or can be determined with reasonable effort, a specific segregation of individual sales should be made and compensation referable to such articles as are found to have a Departmental end-use should be included under income "Subject to Renegotiation."

In many instances, the number of separate sales or contracts will be so large that it will be impracticable to consider each one separately, and some arbitrary method of segregation of income must be used. Ordinarily this will also be true, where the contractor's services are rendered in connec-tion with articles initially sold to whole-salers, jobbers or others engaged in both war and commercial business.

In such cases, it may be necessary to classify sales and contracts by principal, cus-tomer or customer group, end-use classification of articles as shown on War Production Board reports, or some other suitable classification. Segregation may then be made, depending on,

(a) the proportionate part of the business of the principal or principals represented which is found to have a Departmental end-

(b), the proportionate part of the customer business found to have a Departmental end-use or

No. 78-4

(c) a percentage developed by spot check of the end-use of the articles during a given period.

4. Principals Represented and Products Handled:

Under Section III (b), merely indicate the nature of the chief products handled for each principal and the type of services rendered (e. g., sales and solicitation, sales engineering, factoring, expediting servicing).
If any income was derived from a factoring service, describe the nature of the service and the rates charged.

5. Condensed Income Data for Prior Years: Depending upon whether your books for the respective period were kept on a cash or accrual basis, report either income re-ceived or income accrued during each period. This data should be in agreement with Federal tax returns.

Salaries and Other Compensation Paid: The names of officers, salesmen and em-ployees who, during the latest completed fiscal year received from the contractor, aggregate payments in excess of \$5,000 should be listed, together with the positions held, and the amounts paid each in 1943, 1942, 1941 and 1940. If more than ten (10) persons have received over \$5,000, list the ten (10) who have received the largest amounts during the latest completed fiscal year.
7. If Information Previously Filed:

If all of the information called for by this form has been furnished the Price Adjustment agency to which the contractor has been assigned, this Standard Form of Contractor's Report can be completed by reference, stating specifically the place and date or filing. When certified by the appropriate Price Adjustment agency that it has received such information, this report will be accepted by the War Contracts Price Adjustment Board as having complied with man-datory filing under the first sentence of subsection (c) (5) (A) of the 1943 Act.

§ 1607.702 Letters of preliminary inquiry—(a) Letter of Preliminary Inquiry (For Use by Assignments and Statistics Branch).

In reply refer to: LPI No.\_\_\_\_

WAR CONTRACTS PRICE ADJUSTMENT BOARD JOINT PRICE ADJUSTMENT BOARD Room 3D 573, The Pentagon Washington 25, D. C.

### GENTLEMEN:

Price Adjustment Boards and Sections have been established for the conduct of statutory proceedings for the renegotiation of contracts and subcontracts. Renegotiation with respect to contractors whose fiscal years ended on or before June 30, 1943 is controlled by the Renegotiation Act of 1942 as amended by the retroactive provisions of the Renegotiation Act of 1943. Renegotiation with respect to fiscal years ended after June 30, 1943 is controlled by the Renegotiation Act of 1943. Copies of both Acts are enclosed herewith.

Unless the amount of your business during your latest complete fiscal year was less than the statutory minimum as defined by subsection (c) (6) of the Act applicable to your business for that year, you are required by law to furnish to the undersigned the information called for by the "Standard Form of Contractor's Report." On the basis of information thus presented a determination will be made as to whether or not retion will be made as to whether or not renegotiation proceedings will be commenced.

To assist you in determining whether or not your business exceeded the statutory minimum as defined in the statutes referred to, your attention is invited to the "Instructions for Preparation of Standard Form of

Contractor's Report," which accompany this communication.

The enclosed "Standard Form of Contractor's Report" is requested pursuant to the statutory power to obtain information deemed necessary under the Act. Your fil-ing of this "Standard Form of Contractor's Report" in satisfactory form will be deemed a compliance with the statutory provision requiring the filing by contractors and subcontractors of a financial statement under the first sentence of subsection (c) (5) (A) of the 1943 Act if filed within the time pre-

scribed in such Act.
The "Standard Form of Contractor's Report" is to be filed, in duplicate, within thirty days of the date of this letter. It is to be sent to the undersigned, Room 3D 573, The Pentagon, Washington 25, D. C. If your concern reports on a fiscal year basis for federal income tax purposes, the Report pre-

pared should cover the same period.

A separate letter or statement, in duplicate, containing any comments which you believe pertinent with respect to statutory renegotiation as it affects you will be ap-

CLEARANCE AND ASSIGNMENT OFFICER, ON BEHALF OF WAR CONTRACTS PRICE AD-FUSTMENT BOARD JOINT PRICE ADJUST-MENT BOARD

### Enclosures:

Standard Form of Contractor's Report

Instructions for Preparation of Standard Form of Contractor's Report Pamphlet containing Renegotiation Act of 1942 and 1943

### **IRR 702.17**

(b) Letter of Preliminary Inquiry (For Use in Assigned Cases).

(For use in cases already assigned)

In reply refer to: LPI-A No.....

(LETTERHEAD OF APPROPRIATE DEPARTMENT OR SECTION)

### GENTLEMEN:

Price Adjustment Boards and Sections have been established for the conduct of statutory proceedings for the renegotiation of contracts and subcontracts. Renegotiation with respect to contractors, whose fiscal years ended on or before June 30, 1943 is controlled by the Renegotiation Act of 1942 as amended by the retroactive provisions of the Renegotiation Act of 1943. Renegotiation with respect to fiscal years ended after June 30, 1943 is controlled by the Renegotiation Act of 1943. Copies of both Acts are enclosed herewith.

The matter of conducting your statutory renegotiation proceedings has been assigned to this office.

Unless the amount of your business during your latest complete fiscal year was less than the statutory minimum as defined by subsection (c) (6) of the Act applicable to your business for that year, you are required by law to furnish the information called for by the "Standard Form of Contractor's Report." On the basis of the information thus presented, a determination will be made as to whether or not further renegotiation proceedings will be necessary.

To assist you in determining whether or

not your business exceeded the statutory minimum as defined in the statutes referred to, your attention is invited to the "Instructions for Preparation of Standard Form of Contractor's Report" which accompany this

communication.

The enclosed "Standard Form of Contractor's Report" is requested pursuant to the statutory power to obtain information deemed necessary under the Act. Your fil-

ing of this "Standard Form of Contractor's Report" in satisfactory form will be deemed a compliance with the statutory provision requiring the filing by contractors and subcontractors of a financial statement under the first sentence of subsection (c) (5) (A) of the 1943 Act, if filed within the time prescribed in such Act.

The "Standard Form of Contractor's Report" is to be filed with the undersigned. in duplicate, within thirty days of the date of this letter. If your concern reports on a fiscal year basis for federal income tax purpages, the Report prepared should cover the came period.

If all of the information called for by this form has been furnished the Price Adjustment Agency to which the contractor has been acaigned, refer to the final paragraph of instructions.

A reparate letter or statement, in duplicate, containing any comments which you believe pertinent with respect to statutory renegotiation as it affects you will be appreclated.

(Appropriate Authorized Signature) Enclosures

Standard Form of Contractor's Report (3) Instructions for Preparation of

Standard Form of Contractor's Report Pamphlet containing Renegotiation Act of 1942 and 1943

# [RR 702.21

§ 1607.703 Assignment forms—(a) Form No. 101 (Suggestion for Assignment).

SUGGESTION FOR ASSIGNMENT

(To be submitted in triplicate)

To: Assignments and Statistics Branch War Contracts Price Adjustment Board Room 3D 573, The Pentagon Washington 25, D. C.

Date Subject: \_\_\_\_ Name of Contractor o Street Address City and State 1. The concern named above is suggested for assignment for renegotiation. 2. It is recommended that a letter of preliminary inquiry be sent by your office prior to assignment. acaignment be issued to . without sending of a letter of preliminary inquiry.
3. Information regarding the subject concern (if available): Subsidiary or affiliate of\_\_\_\_\_ Parent of \_\_\_ Principal product \_. Department or Service believed to have predominant interest in contracts Extent of known contracts with this Dapartment or Service Ficcal year ends \_\_ Remarks:

# PRICE ADJUSTMENT BOARD (SECTION)

## 1st Ind.

To: Price Adjustment Board (Section)

☐ Assignment of the above contractor is hereby issued to \_\_\_\_\_ as number \_. ☐ Accignment withheld—reason: For the Director of the Renegotiation Division:

Chief, Assignments and Statistics Branch

SPRAE-101 1/15/44

24-6692-35

[RR 703.1]

1200	,,,,,	
(b) Form No. 102 (Assignment Notice).	War Shipping Administration, Defense Plant Corporation, Defense Supplies Corporation, Metals Reserve Company and Rubber Re-	§ 1607.705 Transmittal forms to and from Departments—(a) Form No. SPRA I-1 (Assignment Transmittal to Depart-
1943 Assignment Notice	serve Company and under subcontracts as defined in the Act, including those which	ments). SPRA I-1 Assignment Transmittal WDPAB
Date To:	are exempted under subsection (i) of the Act or which expressly provide that they are not subject to renegotiation pursuant to the	Transmittal Report No From: Assignments and Statistics Branch WDPAB—Statistics & Progress Section
Subject:Name of Contractor	authority granted by said subsection (i) (but not including commissions and other	To (Department or Service)
Street Address City and State	income within the meaning of subsection (a) (5) (B) of the Act), did not exceed \$500,000	(Date)
1. The above contractor is hereby assigned	for the fiscal year ended 194_;	The following 1943 Assignments are trans-
to your Board or Section for 1943 statutory renegotiation as No	and we further certify that commissions and other, income within the meaning of sub-	mitted to you as indicated below:  1943
2. It was identified through  -suggestion by	section (a) (5) (B) of the Renegotiation Act of 1943 received or accrued by the under-	Assignment Number Name
☐ filing of mandatory financial state-	signed and by all persons, firms or corpora-	Previous total delivered to WDPAB:
ment	tions under the control of or controlling or under common control with the undersigned	
3. Its corporate relations are believed to be parent of	under contracts and subcontracts above re- ferred to did not exceed \$25,000 for the same	Cumulative total grass essignments de-
subsidiary of	fiscal year.  In making this certification recognition is	Cumulative total gross assignments de- livered to date:
d. A letter of preliminary inquiry (was) (was	given to the fact that in order to qualify for	(Submit in duplicate)
not) sent by this office. 5. Fiscal year ends	exemption it is necessary that both of the above conditions should be met; i. e., that the	[RR 705.1]
6. Remarks: For the War Contracts Price Adjustment	total of receipts and accruals under contracts with the above-named Departments or agen-	(b) Form No. SPRA I-2a5d1 (Reassignment Request; Cancellation Re-
Board:	cies and subcontracts as defined in the Act (excluding commissions and other income	quest)
Chief, Assignments and Statistics Branch. SPRAE-102	below mentioned) does not exceed \$500,000	SPRA I-2a5d1 {Reassignment Request or Cancellation Request
1/2/44	and that the total of commissions and other income within the meaning of subsection	Service Transmittal Report No
[RR 703.2]	(a) (5) (B) of the Act does not exceed \$25,000. Accordingly, we do not intend to file a	(Department or Service)
(c) Form No. 103 (Suggestion for Reassignment).	financial statement in conformity with the provisions of the first sentence of subsection	(Date)
	(c) (5) (A) of the Act. If we have been	To: Assignments and Statistics Branch WDPAB—Statistics & Progress Section
To: Assignments and Statistics Branch	assigned for statutory renegotiation, we request that such assignment be cancelled.	The following 1943 Assignments are re-
War Contracts Price Adjustment Board Room 3D 573, The Pentagon	Very truly yours,	turned to you for reassignment or cancella- tion as indicated below:
Washington, D. C. Subject:	Name of Contractor	(Do Not Combine. Transmit Each Type Separately)
1. The above contractor has been assigned to this office for renegotiation of its 1943	(Principal officer, partner or	
fiscal year. Reassignment is suggested for	(Principal officer, partner or proprietor)	nt nen ted ted toons
the following reason(s):  Principal war product	Title of officer	ines to the state of the state
Substantial predominance of interest in contracts held by	Address of Contractor	1943 Assignment Number Number Name Reassignments Requested Gancellations Requested
2. The above contractor (has) (has not) been	In preparing this form, there will be printed	Previous total requested:
consulted with respect to proposed reas- signment and (has) (has not) indicated	on reverse side, subsections (c) (5) (A), (c) (6) and (a) (5) of the 1943 Act:	
approval.	[RR 704.1]	
PRICE ADJUSTMENT BOARD (SECTION)	(b) Notice to Contractor of Cancella-	Cumulative Total to date: (Submit in duplicate)
1st Ind.	tion of Assignment.	Rev 3/24/44.
To: Price Adjustment Board (Section)  The above contractor is hereby re-	Notice to Contractor of Cancellation of Assignment	[RR-705.2] (c) Form No. SPRA I-2ax5d1x (Disap-
assigned to  It is deemed inappropriate to reassign	Date	proved Reassignments; Disapproved
the above contractor. For the Director of the Renegotiation Di-	Contractor's Name Address	Cancellations) Disapproved Reassignments
vision:	DEAR SIR: Upon review of the information submitted by you in connection with re-	SPRA I-2ax5d1x or Disapproved Cancellations
Chief, Assignments and Statistics Branch. 24-64951	negotiation under the Renegotiation Act, as amended, this office recommended to the War	WDPAB Transmittal Report No
[RR 703.3]	Contracts Price Adjustment Board that your assignment to this office for renegotiation	From: Assignments and Statistics Branch - WDPAB—Statistics & Progress Section
§ 1607.704 Forms for cancellation of assignment—(a) Statement by Contrac-	be cancelled for your fiscal- year ending	(Department or Service) (Date)
tor of Non-applicability.	This office is advised that such assignment	We are returning the following 1943 assign-
To the War Contracts Price Adjustment	has been cancelled in accordance with its recommendation.	ments for which reassignment or cancella- tion has been disapproved as indicated be-
Board: We acknowledge receipt of a copy of the	While such cancellation does not operate as a release of liability under the Renegotia-	low: (Do Not Combine. Transmit Each Type
pamphlet entitled "Renegotiation" containing the text of the Renegotiation Act of	tion Statute, nevertheless, in the absence of further developments no further action is	Separàtely)
1943 and have noted particularly the pro-	contemplated.	ug eg t
visions of subsections (a) (5), (c) (5) (A) and (c) (6) of that Act.	Very truly yours,	er rove nm (I)
We certify that the aggregate receipts or	(Name of Renegotiating Depart- ment or Service)	1gn: 1gn: 1mb 
accruals of the undersigned and of all persons, firms or corporations under the control	[RR 704.2]	1943 Assignment Assignment Number Number Number Number Number Name  (2a) Disapproved (2a) Beassignment (5a) Concellation Cancellation
of or controlling or under common control with the undersigned under contracts with	(c) Request by Renegotiating Agency	Previous total disapproved to Service:
the War Department, Navy Department, Treasury Department, Maritime Commission,	for cancellation. See § 1602.206 (b).	
Wesperium Denostment Maritime Commission.	[RR 704.3]	

(Submit in duplicate)  Rev 3/24/44.	have resulted in final Unilateral Determina- tions for the War Contracts Price Adjustment	17. Total Business (Except CPFF)
[RR 705.3]	Board as evidenced by attached Tabulation Forms SPRAE-8 covering each case:	Net Sales After Adjustment  18. Total Business (Except CPFF)
(d) Form No. SPRA I-2b5d2 (Approved Reassignment; Approved Cancellation).	1943 Assignment Name Tabulation Forms Number SPRAE-8 Attached	Bacte Profit Esfore Taxes, After Adj.  19. Net Profit After Federal Income Taxes (Including EPT Credit)
SPRA I-2b5d2 {Approved Reassignment or Approved Cancellation		20
WDPAB Transmittal Report No	Reconciliation	21. % Basic Profit (Before Taxes)
From: Assignments and Statistics Branch	Previous Impasse Unilateral data de-	on Non-Renegotiable Sales
WDPAB—Statistics & Progress Section	livered to WDPAB	Total Business After Adj. (Exc. CPFF)
To (Department or Service) (Date)	Plus—Above	23. % Profit on Net Worth
The reassignment or cancellation of the following 1943 assignments is approved as indicated below:	Cumulative Total—Impacce Unilateral Determination data in hands of	Card No. 3  24. 1941 Total Net Sales  25. 1941 Basic Profit Before Taxes
(Do not combine. Transmit each type	WDPAB (Submit in duplicate)	26. 1940 Total Net Sales
separately)	[RR 705.6]	28. Total Business 1936-39 Average
1943 Assignment Number (2b) Approved Reassignments (6d2) Approved Cancellations	(g) Form No. SPRA I-5c (Completed Clearances; Department Transmittal Report)	Net Sales
19. Stigm (2) ppr (2) ppr (5) (6) (6)	SPRA I-5c Completed Clearances	31. 1940 % Bacic Profit Before Taxes 32. % Basic Profit on Sales 1935–39
Ass: Name Name Ap Ap Acas:	Department Transmittal Report No	Average (Before Taxes)
Previous total confirmed to Service:	(Department) (Date) To: Assignments and Statistics Branch WDPAB—Statistics & Progress Section	Card No. 4  33. Govt. Fac. fix price
	Following is a report on Completed Clear-	34. GovtFac. CPFF
Cumulative total to date:	ances for the War Contracts Price Adjust- ment Board as evidenced by attached Tabu-	35. Govt. Fac. Advances
(Submit in duplicate) Rev 3/24/44	lation Forms SPRAE-8 covering each Clear- ance:	37. V Leans
[RR 705.4]	• 1943 Assignment Name Tabulation Forms Number SPRAE-8 Attached	Card No. 5
(e) Form No. SPRA I-5a (Completed Settlements).		39. 1940 No. Persons 40. Compensation 1940
SPRA I-5a Completed Settlements.	Reconciliation	41. 1941 No. Persons
Department Transmittal Report No	Previous Completed Clearances data	42. Compensation 1941
(Department) (Date) To: Assignments and Statistics Branch	delivered to WDPAB	44. Compensation 1942
WDPAB—Statistics & Progress Section	Plus—Above	Card No. 6 Product State Gitu
Following is a report on Completed Settle- ments for the War Contracts Price Adjust- ment Board as evidenced by the attached	Cumulative Total—Completed Clear- ances in hands of WDPAB	
Tabulation Forms SPRAE-8 covering each	(Submit in duplicate)	
Settlement: 1943	[RR 705.7]	Card No. 7 Company Name
Assignment Name Tabulation Forms Number SPRAE-S Attached	(h) Form No. SPRAE-8 (Identification, Tabulation Form)  TABULATION FORM	()
	Identification (all cards):	Card No. 8  Address
Reconciliation *	1. Case Number( ) ( ) ( ) ( ) ( ) 2. Corporation, Partnership or Owner_ ( )	()
Previous Completed Settlements	3. Assignment & Location( ) ( ) ( )	Accignment No. and name of all subsidiaries and/or affiliates included in above agreement.
data delivered to WDPAB Plus—Above Settlements	4. Based on Approved or Final Figures ( ) 5. Fiscal Year ends, Month	and/or amates included in above agreements.
Cumulative Total, Completed Set-	6. Fiscal Year ends, Year	SPRAE-824-65739
tlements data in hands of WDPAB	7. Fixed Price Net Sales (After Ad- justment)	
(Cubmit in duplicate)	8. Fixed Price Basic Profit Before	[RR 705.8]
(Submit in duplicate)	9. Amount Recovered	(i) Instructions for Preparation of Identification, Tabulation Form (SPRAE-8)
(f) Form No. SPRA I-5b (Impasse Unilateral Determination; Department Transmittal Report)	ment) 11. CPFF Basic Profit Before Taxes (After Adjustment) 12. CPFF Amount Recovered	Instructions for Perparing Tagulation Form SPRAE-8
SPRA I-5b Impasse Unilateral Determina-	13. % Basic Profit on Fixed Price	Items:
tion Department Transmittal Report No	Sales (After Adjustment)  14. % CPFF Basic Profit Before Taxes (After Adjustment)	<ol> <li>Insert PAB Assignment Number</li> <li>Insert "C", "P", or "O"</li> </ol>
From: (Detection t)	Card No. 2	3. Leave Blank 4. Incert "A" or "F"
(Department) (Date) To: Assignments and Statistics Branch	15. Non-Renegotlable Net Salcz	5. Show month by numeral (For periods
WDPAB—Statistics & Progress Section	16. Non-Renegotiable Basic Profit (Before Taxes)	more or less than a year, show number of months)
No. 78——4	•	

[RR 706.1]

6. Show year by last numeral (For periods

33-35. Indicate only Net Balance of Facilities and Advances outstanding at the time of renegotiation 36. Show Certificates of Necessity obtained	ment Request; Cancellation Request), (This form is set out in § 1607.705 (b) [RR 706.2]
only.  37. Show V-Loan part, in use.  39-44. Main compensation only. (Disallowances actual, to be marked X. Show Corporate Compensation only)	(c) Form No. SPRA I-2ax5d1x (Disapproved Reassignments; Disapproved Cancellations). (This form is set out in § 1607.705 (c) IRR 706.31 (d) Form No. SPRA I-2b5d2 (Ap-
Card 6 Leave blank Card 7 Limit or abbreviate company to 24 letters (including spaces) Card 8 Limit as in Card 7	proved Reassignment; Approved Can- cellation). (This form is set out in § 1607.705 (d)) [RR 706.4]
General -	(e) Form No. SPRA I-5abc (Completed Settlements; Impasses; Completed Clear-
<ul> <li>A. Omit 000 for all dollar amounts and adjust figures to nearest thousand.</li> <li>B. All percentage figures must be calculated to 1/10 (one-tenth) of 1%, i. e., 14.1, 13.8, 15.0.</li> </ul>	ances).  SPRA I-5abc Completed Settlement or Impasse or Completed Clearances Service Transmittal No.
<ul> <li>C. All deficit figures to be marked (on right) by X.</li> </ul>	From(Service)
D. At bottom of page, describe function, main product, material used.	(Date)
[RR 705.9]	To: Assignments and Statistics Branch WDPAB—Statistics & Progress Section
§ 1607.706 Transmittal forms to and from Services—(a) Form No. SPRA I-1 (Assignment Transmittal to Services).	The following Completed Settlements, Impasses or Clearances are delivered to you for necessary action as indicated below:
(Do not combine. Transmit each	
1943 Sottlements	Required Action by WDPAB  Clearances  (5b) (5c-1) (5c-2)
Assignment, (5a-1) (5a- Number Name* Review Appro	oval Impasse Review Approval
Previous total delivered to WDPAB:	•
**************************************	
Cumulative Total to date:	
• Note: List parent company and indent und in the agreement whether or not previously assi Assignment Form No. 101 should be attached f tained in the agreement. Each Settlement for Review—Should be acco Each Settlement for Approval—Should be accomed Each Clearance for Review—Should be accomed	or each unassigned subsidiary or affiliate con- mpanied by SPRAS 138 companied by SPRAS 119
Each Clearance for Approval—Should be acco	
Rev. 3/24/44. [RR 706.5]	•
(f) Form No. SPRA I-5abcx (Returned	Settlements, Impasses or Clearances)
SPRA I-5abcx Returned Impasse Returned Clearance	·
WDPAB Transmittal Report No	
From: Assignments and Statistics Branch WDP.	AB—Statistics & Progress Section
(Service)	
The following Settlements, Impasses or Clears indicated by Memorandum attached to each re  (Do not combine. Transmit each re	<del>-</del>
	Action of WDPAB previously requested
1943 Settlements Assignment (5a-1) (5a-2) Number Name Review Approve	
Previous total returned by WDPAB:	
Cumulative total to date:	duplicate)
Rev 3/24/44	- Tables and A. C.
[RR 706.6]	

SUBPART B—FORMS RELATING TO OPERATION OF RENEGOTIATION

§ 1607.721 Notice of Commencement of Renegotiation Proceeding.

(Assignee, Department or Service)

Date .....

GENTLEMEN: The War Contracts Price Adjustment Board has determined that renegotiation proceedings under the Renegotiation Act (Title VII of the Revenue Act of 1943) for your fiscal year ended \_\_\_\_\_\_shall be conducted initially by this office.

This notice, sent by registered mail, constitutes commencement of the renegotiation proceedings in conformity with the provisions of subsection (c) (1) of the Renegotiation Act.

Very truly yours,

[RR 721]

§ 1607.722 Contractor's Information and Work Sheet for Renegotiation.

CONTRACTOR'S INFORMATION AND WORK SHEET FOR RENEGOTIATION

Note: Construction contractors, architects, engineers, agents and brokers should not use this form, but should obtain the forms designed for their specific use by writing to:

(Name)

(Address) (City and State)
Information indicated in Sections A to K, inclusive, and the Exhibits attached thereto, is required for renegotiation under the Renegotiation Act, as amended. Any part of this information which the contractor has submitted, either in the "Standard Form of Contractor's Report" or in connection with a previous renegotiation, may be omitted, pro-vided reference is made to the manner, time and place of its submission. If any statements or information designated are inapplicable in a particular case, the contractor should so state and give the reason therefor. If the preparation of the data specified would impose an unreasonable burden or expense, the contractor may supply such information as is available in his regularly prepared financial and operating reports, provided he explains the reason for the substitution. In financial statements all cents may be omitted. The contractor should so indicate if he prefers to discuss with the renegotiation authorities the methods of segregation of sales and allocation of costs and expenses (Section E). In such case, the contractor should submit the Contractor's Information and Work Sheet for Renegotiation, completed in all other respects.

At the end of each section are specific instructions or comments pertinent thereto.

The contractor should certify that all information and data (subject to qualifications, if any, specifically set forth) are true and correct to the best of his knowledge and belief.

# SECTION A

One copy each of the following for the year under review:

- 1. Published annual report
- 2. Detailed or long form audit report 3. Federal income and excess profit tax returns filed

4. Latest brochure, catalog or other material setting forth the company's business and products

5. Form 10-k (or 1-MD) if such is filed with Securities and Exchange Commission

Instructions: If annual reports to stockholders or audit reports by independent public accountants are not prepared, the con-tractor should so state and, in lieu thereof, furnish financial statements, consisting of (a) a balance sheet as of the close of the year under review and (b) a statement of income and surplus for such year. Those statements must be in reasonable detail. The balance sheet must show, in addition to the usual analysis of current assets and current liabilities, the gross plant account and related allowance for depreciation and amortization and all major reserves stated as separate amounts. The income statement must show sales, an analysis of cost of sales, and a classified list of expenses and miscellaneous items. It is essential that a reconciliation between income per books and income for Federal Tax purposes be provided.

### SECTION B

1. A statement showing the names and addresses of the contractor's parent, subsidiary and affiliated companies and organizations, with a brief description of the character of their business, the nature and extent of their affiliation, and an expression of the contractor's opinion as to whether or not, during the year under review, they had business subject to the Renegotiation Act.

2. A list of the companies and organizations which, in the opinion of the contractor, should be consolidated for purposes of re-

negotiation.

3. If the financial statements are submitted on a consolidated basis, similar financial statements for each major subsidiary in-

cluded in such consolidation.

Instructions: The terms "affiliates" and "affiliated companies and organizations" mean all persons under the control of or controlling or under common control with the contractor. Indicate any changes during the year under review, in the form or control of his organization (including reorganizations, dissolutions, acquisitions and/or dis-posal of subsidiaries, etc.)

- 1. A statement showing Government assistance received, including:
  - a. approximate value of machinery loaned; b. approximate value of plants provided;
- c. approximate value of materials received; d. loans under Regulation V of Federal Reserve Board;
  - e. approximate advances on contracts;

f. description and approximate amount of

other financial assistance.

2. A statement showing the type and approximate cost of privately financed facilities for which Certificates of Necessity have been issued or for which applications were pending at the end of the year under review.

3. Character, cost and method of acquisition of any other major additions to plant and equipment during the year under review.

Instructions: Significant changes in any of the above during the year under review should be described. Detailed lists need not be prepared. It will be sufficient to show only classifications, such as buildings, machinery, etc. If the annual rate of amortization allowed under Certificates of Necessity varies from the standard annual rate of 20%, the reasons therefor should be fully explained.

# SECTION D

Income statement of the contractor for the year under review, separated as to renegotiable and non-renegotiable business as defined under the Renegotiation Act, as amended.

Instructions: The attached Exhibits 1 and is are provided for the contractor's use in this connection. Should be submit in some other form his income data reparated as he-tween renegotiable and non-renegotiable business, Exhibits 1 and 1a should be used as guides, in order that proper consideration to the items thereon will be given.

Sales and cost of cales should be stated net of discounts and other pertinent allowances. Supporting schedules of items requiring further analysis should be provided.

For an interpretation of items entering into renegotiable and non-renegotiable business refer to Standard Form of Contractor's Re-

port, Instructions 3 to 10, both inclusive. Specific instructions relative to the preparation of Exhibits 1 and la are set forth on page 4158.

1. Description of the method followed in segregating renegotiable and non-renegotiable sales, as shown in Exhibits 1 and 1a.

2. Description of the method followed (direct labor hours, cost of goods cold, etc.) in allocating costs, expenses and other in-come and deductions applicable to renegotiable and non-renegotiable business, as shown in Exhibits 1 and 1a.

3. A statement or schedule with respect to

each of the following:

a. the effect of raw material exemptions and "excess inventory" calculations provided

for in subsection (1) of the Act;
b. the nature and approximate dollar amount of "free icsue" materials (those provided without cost to the contractor by the Government or others);

c. sales to subcontractors, of materials en-

tering into repurchases from them;

d. sales to and purchases from subsidiaries and affiliates, if not eliminated in a consolidated statement:

e. interdepartmental cales not eliminated: f. any basic changes during the year under review in accounting methods, depreciation rates, and/or methods of inventory valuation:

g. list of contracts and subcontracts (including identification number) subject to specific profit limitations other than costplus-fixed-fee contracts;

h. volume of direct renegotiable cales to the subsidiaries of Reconstruction Finance Corporation, and the amount of profits therefrom. If profits on such cales are not segregated on the books, best estimate should be given.

Instructions: Adequate explanations are essential.

# SECTION P

 List for the year under review of the principal products cold or the principal cerv-ices rendered and the approximate amount of sales, both in quantity and dollars, of each principal type of product (or group of products) included in renegotiable business, and the functions performed with respect to each of the above (such as manufacturing, assembling, distributing, etc.)

2. List of the approximate dollar unit prices

of important products and services included in renegotiable business, together with any recent (1943 or later) unit price reductions; with identification of these resulting from specific prior renegotiation agreements.

3. List of the principal products prior to

4. List of the principal commercial preducts during the year under review.

Instructions: In the case of contractors making a large number of different products. only the principal product of each major type should be listed. The term "quantity" refers to the customarily used unit of measurement.

### SECTION G

- 1. Statement of salaries and all other compencation (including commissions, bonuses, royalties and other forms of extra compensation) paid or accrued to the ten highest officers and employees, or to those who received in excess of \$10,000 per annum (whichever is the lesser in number) for the year under
- 2. A brief description of any bonus, pension trust, or other employee compensation plans now in effect or contemplated, with com-ment as to how they are applicable to personnel listed under item 1 preceding, and showing the dates that such plans were adopted.

3. Statement of compensation (fees, commissions, etc.) paid or accrued to other individuals or organizations, for services aggregating \$10,000 or more during the year under review.

Instructions. The statements of compen-cation should show for each individual or organization: name, title or relationship and total compensation. If any portion of the compensation to any of the individuals listed has been disallowed by the Bureau of Internal Revenue as a taxable deduction, in any year, the facts should be stated.

### SECTION H

A statement of provisions for reserves (other than shown on line 17 of Exhibit 1) for inventory losses, post-war reserves or other contingencies (of a nature not allowed as a deduction for Federal income tax purposes) included in costs and expenses, except

as specifically set forth.

Instructions. The statement should contain a list of the purposes of the provisions, and the amounts not deductible in computing net income for Federal taxes, but provided for various contingencies and which are not specifically set forth on Exhibits 1, la or related schedules. If the contractor made no such provisions, he should so state.

# SECTION J

A statement relating to contracts terminated or cettled during the year under review and in process of termination or settlement at its close.

Instructions. It is suggested that reasonably full information be furnished with regard to terminated contracts. This information should include: (a) an adequate deccription of the method of pricing work in process and finished goods inventories at the year end, with particular regard to the classes of overhead expenses included therein and the consistency of method with that used at the beginning of the year; (b) the total number and approximate dollar amount of contracts terminated and termination cettlements closed during the year under review and terminations in process of settlement at its close, classified as to year in which terminated, prime and subcontracts, those with or without claims, and the interested Department and Service; (c) a brief description of the five largest contracts referred to in (b); (d) the total amount of the cost of terminated contracts for the year under review.

### SECTION E

A statement relative to each of the following:

1. The latest taxable year examined by the Bureau of Internal Revenue and any significant changes made in taxable income or in-vested capital as a result of examinations made by the Bureau since January 1, 1942.

2. Any changes in excess profits tax credit claimed or to be claimed under Section 721 or 722 of the Internal Revenue Code.

3. List of states to which taxes (including franchise taxes) measured by income, and the amounts for the year under review.

4. If royalties in excess of \$25,000 were paid or accrued during the year under review, the names of significant payees and amounts of payments. Similarly, if the company received royalties in excess of \$25,000, the names of licensees and amounts paid by each.

5. A brief description of technical assistance received (such as use of patents owned by others; instruction in technical procedures; aid in accounting methods, etc.).

Any revaluation of assets or recapitalization during the year under review.

7. Stockholders owning over 10% of voting stock and stockholdings of officers and key executives.

8. The types of escalator clauses in contracts subject to renegotiation.

9. An estimate of the dollar value of production from government furnished facili-

ties.

10. The basis of setting inter-company prices where affiliates or subsidiaries are not

consolidated.
11. If a subcontractor, a list of major customers for renegotiable business and types of

products or services furnished to them.

12. A list of principal subcontractors, including suppliers of significant raw materials and subassemblies, and nature and approximate dollar value of items or services (management, engineering, etc.) purchased from each, with comments as to handling, with reference to materials furnished, supervision, inspection and financing.

Average number of shifts run; approximate average number of employees; wage increases; labor relations insofar as they may affect costs;

14. Any other matters, with particular reference to those factors set forth in section (a) (4) (A) of the 1943 Act.

Instructions. Since each of the subjects listed above requires developments in some detail for purposes of renegotiation, in order that full value can be given to the contractor's contribution to the conduct of the war, the contractor should give careful consideration to the preparation of his statements relative thereto. While such statements may be amplified at a meeting with representatives of the War Contracts Price Adjustment Board, it is desirable that they be presented in writing before such meeting.

### Instructions For Preparation of Exhibits

## Exhibit 1

Line 1. Enter as renegotiable business (Column A) the total amount of contractor's net billings on sales directly or indirectly to the War, Navy and Treasury Departments, Maritime Commission, War Shipping Administration, Defense Plant Corporation, Metals Reserve Company, Defense Supplies Corporation and Rubber Reserve Company. All sales, whether subject to OPA regulations, or obtained on competitive bids, or otherwise, should be included as renegotiable if they were under prime (i. e., direct) contracts and purchase orders with one of the abovenamed Departments or Agencies, with the exception of exempted materials and articles. The term "sales", as noted herein, includes compensation for services rendered as well as for material provided. Sales under subcontracts of any tier, or purchase orders falling within-the definition or "subcontracts" should likewise be included in renegotiable business. (See Section D.).

Lines 2, 4, 5 and 8. In allocating costs and expenses between renegotiable and non-renegotiable business, the contractor's cost system, if adequate, should be employed. Otherwise, percentages or other formulae may have to be used, either on individual

products or groups of products, or by departments, divisions, etc. Each major item of selling and general expenses should be allocated in accordance with the most equitable method in view of the particular situation. The types of items generally excluded from costs and expenses in renegotiation are:

a. Provision for reserves for contingencies.
 b. Provision for reserves for post-war adjustments.

c. Life-insurance premiums not deductible under the Internal Revenue Code.

d. Refundable bond deposits.

e. Discount or premiums on bonds retired.

f. Profit or loss on disposal of capital assets.

g. Provision for future inventory shrink-

h. Profit or loss on sale of investments.

i. Depreciation on appreciation of capital assets.

j. Accelerated depreciation, unless entered on company's books and claimed as a deduction for income tax purposes.

k. Any other expenditures which are clearly unwarranted in connection with war business.

1. As fines and penalties are considered to represent a reduction in sales, they are not includable in costs.

Lines 8b, 8c, 11b, and 12b. Amounts representing non-operating expenses and income, which in the light of circumstances are wholly or partially applicable to renegotiable business, should be entered on lines 8b and 8c, respectively. Nonoperating items not applicable to renegotiable business should be entered on lines 11b and 12b. Examples of these are profit and loss on disposal of fixed assets, adjustments applicable to prior years, interest and dividends received, write-off of intendibles etc.

intangibles, etc.

Line 11a. Enter on this line only the net fees applicable to cost-plus-fixed-fee contracts, and in the space for the Analysis of Cost-Plus-Fixed-Fee Contracts at the bottom of Exhibit 1, the pertinent costs and profit as indicated. These contracts are considered separately for renegotiation purposes. The contractor should also provide any further data in connection with such contracts that may be considered pertinent. The gross sales or billings under contracts of this nature should not be included in Net Sales (line 1).

# Exhibit 1-a

Cost of sales (line 22, a to f, inclusive). If the contractor's cost-system does not lend itself readily to the captions provided under this heading, the contractor may submit in lieu thereof a schedule prepared from his own classification of accounts. Where unit costs are compiled, an over-all approximation (expressed either in dollars or per cent) of the material, labor and overhead elements will be sufficient. While it is desired that columns A and B in the schedule of cost of sales be filled in, it is not required if the allocation would cause an undue amount of work on the part of the contractor, or if costs of sales are allocated in proportion to the dollar value of sales, but the reason for their omission should be stated.

Selling and advertising expenses (line 24, a to g, inclusive). If the contractor's accounts contain any significant amounts included under captions not listed, a separate schedule should be submitted. Salaries should include all forms of compensation paid to contractor's employees. Line 24d applies only to commissions paid to non-employees, such as brokers, manufacturers' agents, etc.

General and administrative expenses (line 25, a to g, inclusive). Four lines have been provided for the insertion of any relatively large items. Should the number of lines be considered insufficient, a separate schedule should be submitted, containing the classification customarily used by the contractor.

Other applicable deductions and income (line 26, a to 1, inclusive). Significant items should be inserted in the spaces provided. Care should be taken that the allocation of each item between renegotiable and non-renegotiable business be properly made, as the nature of these items may be such that allocation should be made on a basis different from that used for other classes of expense.

Deprectation (line 28, a to d, inclusive). The total amount of depreciation expense (including depletion) should be accumulated under this caption, regardless of the accounts to which it may be charged on the contractor's books.

Other charges (line 29, a, b). The total amount of amortization may be entered on line 29a. Any amortization in excess of the standard 20% rate should be explained. (See Section C.)

	Ехивит 1
×	Name of contractor
	Address of contractor

	Column A, Rene- gotiable business	Column B, Non- renego- tiable business	Column O, Tota busines
1. Net sales (excluding			ļ
sales or billings		l	j
under cost-plus- fixed-fée contracts).	\$	8	\$
2. Cost of sales	V	V	444444
3. Gross profit		********	
4. Selling and advertis-			'
ing expenses			440000401
istrative Exp 6. Operating profit			
6. Operating profit			
7. Percent margin (ratio line 6 to line 1)	%	%	
8. Other applicable			,
items:			
a. Interest paid or accrued			
b. Other applicable			
deductions			
c. Other applicable income			
9. Basic profit on fixed			
price business			
10. Percent margin (ratio	,	64	، ا
line 9 to line 1) 11. Other income:	%	%	
a. Net fees earned		•	ĺ
under CPFF			
contracts (See detail below)			
b. Other	XXXXXXXX	XXXXXXXX	******
12. Other deductions:	. ,		
a. State taxes meas-	٥		
ured by income. b. Other	XXXXXXXX	XXXXXXXX	
<ol> <li>Net profit before pro-  </li> </ol>			ľ
visions for Federal			
taxes on income and for extraor-			
dinary reserves	\$	S	Sansan
			==
14. Provision for Federal taxes on income—			
gross			S
15. Post-war refund of			<b>V</b>
excess profits taxes (credit)	-		
16. Net profit before ex-			4004444
traordinary reserve.			4-44-44
<ol><li>Percent of net worth  </li></ol>			
at start of period 18. Provision for extraor-			
dinary reserves			
19. Net income per			
books		******	8

Analysis of cost-plus-fixed-fee contracts:  a. Total incurred or accrued costs	
a. Total medited of accided costs	24444
b. Fees received or accrued.	
c. Total of lines a. and b.	
d. Non-reimbursable costs	
e. Net fees or profit (b minus d) per line 11a above	
f. Percent margin (ration of o to c)	

# Ехнизи 1а

# (Detail of Exhibit 1) Column B Column Column Analysis of sales: 19. Prime contracts and purchase orders 20. Subcontracts of any tier and purchase orders. 21. Total (per Col. A, Line I, Exhibit 1) 22. Cost of sales: a. Materials.... b. Goods pur-chasedforre-and repairs. e. Rents f. Royalties g. Other, including depreciation i. Inventory var-\$..... 1). 23. Approximate amount of work subcontracted, included in cost of sales \$. 24. Selling and advertising expenses: Salaries c. institutional advertising d. Commissions paid to out-siders.........e. Branch office expenses\_\_\_\_\_ Other, includ-ing depreci-ation\_\_\_\_\_ Total (per 0 Line 4, Exhibit 1). 25. General and ad-ministrative expenses: a. Officers' salaries b. Other office salaries.... e. f. Total (per Line 5, Exhibit 1). 26. Other applicable deductions: a. b. ------Total (per e. ſ. Line 8b, Exhibit 1)-----27. Other applicable income: 8. -----Total (per Line 8c, Exhibit 1)\_\_\_\_\_ 28. Depreciation included above: a. Normal. b. Accelerated. c. On idle plant. d. Total depreciation. \$....

### Exhibit 1a-Continued

	Column	Column	Column	
	A	B	O	
Analysis of sales—Cen. 29. Other charges included above: a. Amortization elemerates facilities. b. Total Exceptive saleries.	\$ \$	\$	\$ \$	

### EXHIBIT 2

### Name of centracter

# Address of contractor

# COMPARATIVE STATEMENT OF INCOME

[This form and accompanying data are to be submitted only by contractors who have not been previously renegotiated]

### Years ended .....

### [In even thousands of dollars]

<del></del>					<u> </u>		
	10	19	19	19	19	19	
		_			·	_	
1. Net soles (exclud-	Į.	l	1	1	l	1	
ing soles er billings	i	l	l	l	i .	1	
under cost-plus-	١.		ا ا	١.	<b>.</b>	J_	
fixed-fee contracts)	\$	S	[\$	Ş	5	5	
2. Cost of sales				•			
3. Gress profit					·		
4. Felling and adver-	0	1	1	1 ,	Į	ı	
tising expenses 5. General and ad-					ļ		
ministrative ex-	ŀ		!			1	
noncos	i	1	1		i	•	
6. Operating profit			<b> </b>				
7. Percent morgin	l	}	i			****	
(ratio of line 6 to line	l	l	l		l	1	
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8. Other applicable	#6	1	1	1		1	
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- 1. This schedule is to be prepared for each of the coven years immediately prior to that under roview.
  2. Insofar as practicable, the amounts appearing under the various line capitions should reflect lieus climits to those shown on Exhibit 1, so that true comparisons may be reade.
- be made.

  3. If regular annual statements contain the informa-tion listed above, such statements may be cubmitted in lieu of this form.
- (See Reverse of Ferm for Supplemental Information Required.)

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### Supplemental Information

To be submitted only by contractors who have not been previously renegotiated.

- 1. If a corporation, state in which incorporated and date of incorporation; if a part-nerchip or proprietorship, date of inception.
- 2. A brief history of the business, at least since 1936.
- 3. Balance sheets, as at the close of each of the contractor's fiscal years ended in 1936 to 1942, inclusive, or at the close of each year for which income data are submitted.
- 4. Comparative statement of income for each of the contractor's fiscal years ended in 1936 to 1942, inclusive, or for such of those years as he was in business. (Exhibit 2)
- 5. A statement of cost of sales and selling and administrative expenses for the three latest prior years, similar in form to items 22 and 24 of Exhibit 1-a. (See Instructions for Exhibit 1-a).
- 6. A statement of salaries and other compencation of officers and employees for the three latest prior years (similar to that in
- Section G-1).
  7. Copy of Federal Income and Excess
  Profits Tax Return for the contractor's latcst prior year, and a summary of any significant changes in taxable income since 1935. made as a result of examinations by the Bureau of Internal Revenue.
- 8. Explanation of any differences between the subcidiaries and affiliates, consolidated in Exhibit 2, and those which are consolidated in the financial statements for the current year.
- 9. A statement relative to each of the following:
- a. basic changes in accounting methods since 1936;
- b. revaluation of assets or recapitalization since 1936.

# IRR 7221

### Suppart I—Addresses

- § 1607.791 War Contracts Price Adjustment Board.
- (a) Principal office: 718 18th Street NW. Washington 6, D. C., Tel. Republic 7400, Ext.

# [RR 791.1]

(b) Chairman. War Contracts Price Adjustment Board, Attention: Mr. Joseph M. Dodge, Chairman, Room 3D 634, The Pentagon, Washington 25, D. C., Tel. Republic 6700, Ext. 73173.

## [RR 791.2]

(c) Office of General Counsel. War Contracts Price Adjustment Board, Attention: Mr. W. James MacIntosh, General Counsel, Room 3D 630, The Pentagon, Washington 25, D. C., Tel. Republic 6700, Ext. 72191.

# [RR 791.3]

(d) Assignment Office. Assignments and Statistics Branch, Renegotiation Division, Room 3D 573, The Pentagon, Washington 25, D. O., Tel. Republic 6700, Ext. 73578; or, Clearance and Accignment Officer, Post Office Box 2707, Washington 25, D. C., Tel. Republic 6700, Ext. 73678.

(e) Pentagon Office. Room 3E 535, The Pentagon, Washington 25, D. C., Tel. Republic 6700, Ext. 73636.

## [RR 791.5]

§ 1607.792 Departmental Price Adjustment Boards.

War Department Price Adjustment Board, Attention: Lt. Col. W. H. Coulson, Executive Officer, Room 3D 573, The Pentagon, Washington 25, D. C., Tel. Republic 6700, Ext. 5672.

Navy Department Price Adjustment Board, Attention: Mr. Laird Bell, Chairman, 718 18th Street NW., Washington 6, D. C., Tel. Republic 7400, Ext. 5169 or 62729.

Treasury Department Price Adjustment Board, Attention: Captain H. G. Maull, Jr., Chairman, 5304 Procurement Building, 7th and D Streets NW., Washington 25, D. C., Tel. District 5700, Ext. 2105.

Maritime Commission Price Adjustment Board, Attention: Commander A. G. Rydstrom, Room 512, Electrical Workers Build-

ing, 1200 15th Street NW., Washington 25, D. C., Tel. Executive 3340, Ext. 606 or 607. War Shipping Administration Price Adjustment Board, Attention: Mr. James L. Murphy, Chairman, 39 Broadway, New York 6, New York, Tel. Whitehall 3–8000.

Reconstruction Finance Corporation Price Adjustment Board, Attention: Mr. Charles T. Fisher, Jr., Chairman, Lafayette Building, 811 Vermont Avenue NW., Washington 25, D. C., Tel. Executive 3111, Ext. 8 or 48.

### [RR 792]

§ 1607.793 War Department Price Adjustment Sections.

(...) Headquarters. Price Adjustment Branch, Control Office, AC/AS M. M. & D. Army Air Forces, Room 5C 964, The Pentagon, Washington 25, D. C., Tel. Republic 6700, Exts. 72209, 4420, 4577.

Price Adjustment Office, Matériel Command, Army Air Forces, Wright Field, Dayton, Ohio, Tel. Kenmore 7111, Exts. 22135, 23292, 25225.

The Chief of Chemical Warfare, Attention: Major Robert M. Estes, Purchase Policies Branch, Baltimore Sub-Office, OC CWS, 200 West Baltimore Street, Baltimore 1, Maryland, Tel. Lexington 0710.

The Chief of Engineers, Attention: Mr. H. W. Loving, Price Adjustment Section, Room 5160, New War Department Building, Washington 25, D. C., Tel. Republic 6700, Ext. 76225.

The Chief of Ordnance, Attention: Major John M. Marble, Purchase Policy Section, Room 5D 400, The Pentagon, Washington 25, D. C., Tel. Republic 6700, Ext. 2283.

The Quartermaster General, Attention: Lt. Col. H. F. Colt, Price Adjustment Section, Room 2327, Tempo. B., 2nd and Q Streets SW., Washington 25, D. C., Tel. Republic 6700, Ext. 3744 or 6485.

The Chief Signal Officer, Attention: Mr. Wilfred Goodwyn, Price Adjustment Section, Room 20 285, The Pentagon, Washington 25, D. C. Tel. Republic 6700, Ext. 73278.

The Surgeon General, Attention: Lt. Col.

Lee I. Park, Renegotiation Division, Room 518, Maritime Building, 1818 H Street NW., Washington 25, D. C., Tel. Republic 6700, Ext. 78455.

The Chief of Transportation, Attention: Col. James F. Mitchell, Jr., Price Adjustment Section, Room 3A 670, The Pentagon, Washington 25, D. C., Tel. Republic 6700, Ext. 4505.

# FRR 793.11

(b) Field Offices of Price Adjustment Sections—(1) Army Air Forces: 39 South La Salle Street, Chicago 3, Illinois, Tel. Randolph

Enquirer Building, 617 Vine Street, Cincinnati, Ohio, Tel. Cherry 8320.

4614 Prospect Avenue, Cleveland 3, Ohio, Tel. Endicott 7200.

8505 West Warren Avenue, Detroit 32, Michigan, Tel. Hogarth 8730.

3636 Beverly Boulevard, Los Angeles 54, California, Tel. Drexel 7081. 67 Broad Street, New York 4, New York,

Tel. Whitehall 4-1600.

420 West Douglas Avenue, Wichita 1, Kansas, Tel. Wichita 6-4621.

(2) Corps of Engineers: 50 Whitehall Street, Atlanta 2, Georgia, Tel. Jackson 6180.

101 East Fayette Street, Baltimore 2, Maryland, Tel. Plaza 8060. 75 Federal Street, Boston 10, Massachu-

setts, Tel. Hubbard 8100.

·20 North Wacker Drive, Chicago 6, Illinois Tel. Randolph 1311.

1120 Huntington Bank Building, Columbus 16, Ohio, Tel. Main 7541.

Santa Fe Building, 1114 Commerce Street, Dallas 2, Texas, Tel. LD 930. 270 Broadway, New York 7, New York, Tel.

Barclay 7-1616.

Farm Credit Building, 19th and Douglas, Omaha 1, Nebraska, Tel. Webster 5966. 351 California Street, San Francisco, California, Tel. Garfield 6900.

(3) Ordnance Department: 700 Frank Nelson Building, Birmingham 1, Alabama, Tel. Birmingham 4-7511.

140 Federal Street, Boston 10, Massachu-.

setts, Tel. Hubbard 9800. 38 South Dearborn Street, Chicago 3, Illinois, Tel. Franklin 4900.

Big Four Building, Cincinnati 1, Ohio, Tel. Cherry 3800.

1006 Terminal Tower Building, Cleveland

13, Ohio, Tel. Main 0670.

1832 National Bank Building, Detroit 32, Michigan, Tel. Randolph 9360.

Room 1815—80 Broadway, New York 5, New York, Tel. Hanover 2-7300.

150 South Broad Street, Philadelphia, 2, Pennsylvania, Tel. Locust 4020.

1202 Chamber of Commerce Building, Pitts-

burgh 9, Pennsylvania, Tel. Grant 5966. 1238 Mercantile Büllding, Rochester 4, New York, Tel. Stone 3203.

3663 Lindell Boulevard, St. Louis 8, Missouri, Tel. Jefferson 7380.

402 Hotel Empire, San Francisco 1, Cali-fornia, Tel. Underhill 3306. 95 State Street, Springfield 3, Massachu-

setts, Tel. 7-0211.

(4) The Quartermaster General: 1 State Street, Boston 9, Massachusetts, Tel. Lafayette

3712. 333 North Michigan Avenue, Chicago 1, Illinois, Tel. Franklin 5910.

. 521 Fifth Avenue, New York 17, New York, Tel. Murray Hill 2-2622.

520 Kohl Building, Montgomery and California Streets, San Francisco 4, California, Tel. Exbrook 7467.

16th Floor Woodside Building, Greenville, South Carolina, Tel. 7140.
(5) Signal Corps: 1 North La Salle Street, Chicago 2, Illinois, Tel. State 9150.

17th and Sansom Streets, Architects Building, Philadelphia 3, Pennsylvania, Tel. Rittenhouse 5950.

(6) Surgeon General: 52 Broadway, New

York 4, New York, Tel. Hanover 2-5200. Room 1425, Civic Opera Building, 20 North Wacker Drive, Chicago 6, Illinois, Tel. Randolph 1311.

# [RR 793.2]

§ 1607.794 Navy Department Price Adjustment Boards.

(a) Navy Department Price Adjustment Board. (1) Washington Division, 718 18th Street, N. W., Washington 6, D. C., Tel. Republic 7400, Ext. 62729.

(2) New York Division, Room 310, 630 Fifth Avenue, New York 20, New York, Tel. Columbus 5-3851.

# [RR 794.1]

(b) Regional Price Adjustment Boards. 21st Floor, 100 West Monroe Street, Chicago 3, Illinois, Tel. Andover 5740.

727 Financial Center Building, 405 Montgomery Street, San Francisco 4, California. Tel. Exbrook 1161.

# [RR 794.2]

(c) Services and Sales Renegotiation Section. (1) Office of the Under Secretary of the Navy, Services and Sales Renegotiation Section, Washington 25, D. C., Tel. Republic 7400, Ext. 61468.

(2) Office of the Under Secretary of the Navy, Services and Sales Renegotiation Section, Washington Divisional Office, Washington 25, D. C., Tel. Republic 7400, Ext. 61263.

(3) Office of the Under Secretary of the Navy, Services and Sales Renegotiation Section, New York Divisional Office, Room 310, 630 Fifth Avenue, New York 20, New York, Tel. Columbus 5-3851.

(4) Office of the Under Secretary of the Navy, Services and Sales Renegotiation Section, Chicago Divisional Office, Room 916, 610 South Canal Street, Chicago 7, Illinois, Tel. Wabash 2900, Ext. 372-3.

(5) Office of the Under Secretary of the Navy, Services and Sales Renegotiation Section, Los Angeles Divisional Office, Room 907, Van Nuys Building, Seventh and Spring Streets, Los Angeles 14, California, Tol. Trinity 1432.

### [RR 794.3]

# § 1607.795 Relative Offices.

General Accounting Office, Washington 25, D. C., Tel. Executive 4621.

Chief, Contract Review Branch, Procurement Policy Division, War Production Board, 4th and Independence Avenue SW., Washington 25, D. C., Tel. Republic 7500, Ext. 6261. [RR 795]

# PART 1608-STATUTES, ORDERS, JOINT REGULATIONS AND DIRECTIVES

SUBPART A-STATUTES AND EXECUTIVE ORDERS Sec.

1608.801 Renegotiation Act of 1943. Section 3806 of the Internal Rev-1608.802 enue Code (as amended by Section 701 (c) of the Revenue Act of 1943).

1608.803 Title XIII of Second War Powers Act, 1942.

(a) Statutory Provision.(b) Section 310 (1) of Title 10, Chapter 18, U. S. Code.

(c) Executive Order No. 9127. 1608.804 Repricing of War Contracts. 1608.805 Executive Orders Relating to the War Shipping Administration.

SUBPART B-DELEGATIONS OF AUTHORITY 1608.821 Delegations from War Contracts Price Adjustment Board.

SUBPART E-OTHER ORDERS AND DIRECTIVES 1608.851 Salary Stabilization Regulations. 1608.852 Treasury Rulings and Decisions.

(a) Treasury Rulings, on Tentative Tax Returns.

(b) I. T. 3577.

(c) I. T. 3611.

### SUBPART A-STATUTES AND EXECUTIVE **ORDERS**

§ 1608.801 Renegotiation Act of 1943. Section 403 of the Sixth Supplemental National Defense Appropriation Act, 1942 (56 Stat. 245; 50 U. S. C. App. Sup. 1191), approved April 28, 1942, as amended by Section 801 of the Revenue Act of 1942 (56 Stat. 982; 50 U.S. C. App. Sup. 1191), approved October 21, 1942; by Section 1 of the Military Appropriation Act, 1944 (57 Stat. 347), approved July 1, 1943; by 57 Stat. 564, approved July 14, 1943; and as amended in full by Section 701 (b) of the Revenue Act of 1943 (Public 235, 78th Congress) enacted February 25, 1944. [RR 801]

§ 1608.802 Section 3806 of the Internal Revenue Code (as amended by Section 701 (c) of the Revenue Act of 1943, Public 235, 78th Congress). Sec. 3806, Mitigation of Effect of Renegotiation of War Contracts or Disallowance of Reimbursement. [RR 802]

§ 1608.803 Title XIII of Second War Powers Act, 1942—(a) Statutory provision. Second War Powers Act, March 27, 1942, Title XIII (56 Stat. 185; 50 U.S.C. App. Sup. 643). [RR 803.1]

(b) Section 310 (l) of Title 10, Chapter 18, U. S. Code. (44 Stat. 787) [RR

803.2]

- (c) Executive Order No. 9127, April 10, 1942. Regulations Under Title XIII of the Second War Powers Act, 1942. (7 F.R. 2753) [RR 803.3]
- § 1608.804 Repricing of war contracts. Title VIII of the Revenue Act of 1943, enacted February 25, 1944 (Public 235, 78th Congress). [RR 804]

§ 1608.805 Executive Orders Relating to the War Shipping Administration. Executive Order No. 9054 issued February 7, 1942 (7 F.R. 837) as amended by Executive Order No. 9244, issued September 16, 1942 (7 F.R. 7327), establishing a War Shipping Administration in the Executive Office of the President and defining its functions and duties. [RR 805]

SUBPART B-DELEGATIONS OF AUTHORITY

§ 1608.821 Delegations from War Contracts Price Adjustment Board—(a) Delegation Dated February 26, 1944, to the Secretaries.

Delegation by the War Contracts Price Adjustment Board of Powers, Functions and Duties under the Renegotiation Act

FEBRUARY 26, 1944.

1. For the purpose of this delegation, the terms "Board," "Department" and "Secretary" shall have the same meaning as when used in the Renegotiation Act (hereinafter referred to as "the Act").

2. Pursuant to the provisions of subsection (d) (4) of the Act, the Board hereby dele-

gates to each Secretary:

(a) All of the powers, functions and duties conferred upon the Board by subsections (a) (4) (B); (a) (4) (C); (a) (4) (D); (a) (5) (B); (c) (1); (c) (2); (c) (3); (c) (4); (c) (5) (B) and (h) (1) of the Act; (b) All of the powers, functions and duties

(b) All of the powers, functions and duties conferred upon the Board to require the fursishing of information, records and data pursuant to the provisions of subsection (c) (5)
 (A) of the Act, except the financial statement provided for in the first sentence of said sub-

section; and

(c) All of the powers, functions and duties conferred upon the Board to interpret and apply the exemptions provided for in subsection (i) (1) (A), (B), (C), (E) and (F), the definition contained in subsection (a) (7) and the provisions of subsection (i) (3) pursuant to such interpretations thereof and regulations relating thereto as may be prescribed by the Board from time to time.

The foregoing delegation of powers, functions and duties, however, shall be effective, as to each Secretary, only as to contractors and subcontractors assigned by the Board, or pursuant to its authority, to such Secretary or his Department for renegotiation.

tary or his Department for renegotiation.

3. Pursuant to the provisions of subsection (d) (4) of the Act, the Board hereby delegates to each Secretary the power conferred upon the Board by subsection (i) (4) of the Act to exempt, in his discretion, from some or all of the provisions of the Act, individual contracts entered into pursuant to his au-

thority or the authority of his Department; excepting from such delegation, however, any power to exempt from any of the provisions of the Act any such contracts or subcontracts by general clacses or types.

4. The powers, functions and duties hereby delegated to each Secretary may be delegated in whole or in part by him to such officers or agencies of the United States as he may designate, and he may authorize successive redelegations of such powers, functions or duties.

- 5. Without intending to limit the powers, functions and duties hereby delegated, nevertheless, each Secretary and each officer or agency of the United States to whom any power, function or duty is delegated or redelegated hereunder, shall exercise such power, function and duty, and all authority and discretion thereunder, in accordance with such interpretations of the Act and such regulations relating thereto as are issued or adopted by the Board and in accordance with the principles, policies and procedures established by the Board. Where a determination with respect to the amount of excessive profits of a contractor or subcontractor is embodied in an agreement between the contractor or subcontractor and a duly authorized representative of the Board such agreement shall be conclusive according to its terms and shall not be subject to review by the Board or any representative of the Board. Nothing herein contained, however, shall be construed to limit the right of the Board to review determinations with respect to the amount of excessive profits made by order and not embodied in an agreement with the contractor or subcontractor concerned.
- 6. This delegation is subject to revocation or modification in whole or in part at any time.
- 7. The powers, functions and duties delegated hereby shall be effective immediately and shall be retroactive to the effective date of the Revenue Act of 1943.

By direction of the Board.

JOSEPH M. Dorze, Chairman, War Contracts Price Adjustment Board,

[RR 821.1]

SUBPART E-OTHER ORDERS AND DIRECTIVES

§ 1608.851 Salary stabilization regulations. (8 F.R. 11962, 12238; 32 CFR, Cum. Supp., 4001.10) [RR 851].

§ 1608.852 Treasury Ruling and Decisions—(a) Treasury Ruling on tentative tax returns.

Office of Commissioner of Internal Revenue. IT:P:CA CAA

TREASURY DEPARTMENT, WASHINGTON, April 17, 1943.

CHIEF OF ORDNANCE, War Department, Washington, D. C.

Attention: Major Robert F. Doolittle, Room 5-D-384, Pentagon Building.

SR: Advice has been requested as to the application of I. T. 3577 (IRB 1942 No. 37) in a case where a taxpayer has been granted an extension of time for filing his return; has filed a "tentative return"; and thereafter is preparing to file a complete return on the date due under the extension of time.

date due under the extension of time.

A "tentative return" is a procedural device which enables a taspayer who has secured an extension of time for filing his return, to file on the original due date, an incomplete return which enables the payment on an estimated basis of the installment of tax which is due on such date. Thereafter on

or before the date to which the extension is granted the taxpayer is required to file a complete return.

The particular paragraph of I. T. 3577 which is involved in this consideration provides as follows:

"In cases of renegotiation agreements with respect to years for which income and excess profits tax returns have not been filed and income and excess profits taxes not assessed and paid, the reduction in gross income may be made, or the deduction may be taken in computing net income, as the case may be, although the renegotiating agreement has not been completed, provided at the time of filling the return the negotiations have progressed to such a stage that the amount of the repayment in lieu thereof, is certain, and in filling the income and excess profits tax return such reduction is made or such deduction is taken."

The complete return is the return referred to in I. T. 3577 and the provisions of I. T. 3577 are unaffected by the fact that a tentative return has previously been filed for the purpose and under the circumstances indicated.

Respectfully,

T. Mooney, Deputy Commissioner.

IRR 852.13

(b) I. T. 3577—Statement of policy of the Bureau of Internal Revenue as to the tax effect in cases in which Government war contracts are renegotiated, or in cases where, pursuant to action by the Comptroller General, an item for which a taxpayer has been reimbursed is disallowed as an item of cost chargeable to a cost-plus-a-fixed-fee contract.

Advice is requested as to the policy of the Bureau of Internal Revenue with respect to the adjustment of income and excess profits taxes in cases in which Government war contracts are renegotiated and it is determined by the renegotiating department or agency that excessive profits have been, or are likely to be, paid to the contractor or cubcontractor, and in cases where, pursuant to action by the Comptroller General, an item for which a taxpayer has been reimburred is disallowed as an item of cost chargeable to a cost-plus-a-fixed-fee contract, the taxpayer being required to repay to the Government the amount of such disallowance.

Under Title IV of the Sixth Supplemental National Defense Appropriation Act, 1942 (Public Law 523, Seventy-carenth Congress, eccond secolon), certain Government departments or agencies are authorized and directed to reagine contractors or subcontractors to renegotiate the contract price with respect to designated contracts and subcontracts in case any amounts of exceedive profits have been, or are likely to be, realized therefrom and to recover such exceedive profits paid, or to withhold payment if the profits have not been paid.

The determination of the amount of the executive profits and the making of an agreement with the contractor or subcontractor in regard to the method by which repayment to the Government of the executive profits is to be effected are matters within the jurisdiction of the particular renegotiating department or agency. The Bureau of Internal Revenue has no authority to function in the determination or collection of these excessive profits. The Bureau, however, upon request of the parties to the renegotiation will advise them of the manner in which the renegotiation will affect the contractor's Federal income and excess profits taxes.

The determination of tax liabilities and the collection thereof are under the administration of the Eureau, together with the making of rulings and closing agreements, under Section 3760 of the Internal Revenue Code, with the taxpayer with respect to either actual tax liability for any taxable year or prospectively with respect to proposed transactions.

In case the renegotiating agreement provides for reduced contract prices to be re-troactively applied to prior taxable years for which returns have been filed and the income and excess profits taxes paid or assessed, repayment to the Government of the excessive profits on which such taxes have been paid or assessed will be involved in the settle-ment. This raises the question, "If the contractor or subcontractor repays the entire amount of such excessive profits to the Government, should the Bureau be required to refund the income and excess profits taxes paid on such excessive profits?" The position of the Bureau is that only the amount of such profits in excess of the Federal income and excess profits taxes paid or assessed thereon should be repaid by the contractor or subcontractor, and no refund or abatement of such taxes should be made, since the taxes should be considered as a recapture of a portion of the excessive profits and as such a proper offset against the total excessive profits. The remainder of the excessive profits would be recaptured through repayment thereof to the Government by the contractor or subcontractor. The repayment should not be allowed as a deduction in the income and excess profits tax returns of the taxpayer for any taxable year. To do so would result in a double tax benefit where the income and excess profits taxes have been offset against the excessive profits. Even though the right to such offset is foregone by the taxpayer and the offset is not made, the repayment should not be allowed as a deduction in the taxpayer's returns, since the taxpayer should not be permitted to forego the right to the offset for the sake of obtaining a deduction for a year for which the deduction will result in a greater tax benefit. This may be illustrated by the following example:

Example. The M Corporation filed a return for the calendar year 1941 on March 15, 1942, reporting therein an amount of \$1,000,000, which was subsequently in the year 1942 held by one of the designated renegotiating agencles to be excessive profits realized in performance of a contract, on which excessive profits income and excess profits taxes aggregating \$400,000 were paid. The \$400,000 taxes should not be refunded and the remainder of the excessive profits, or \$600,000, should be repaid by the corporation to the Government. The amount of \$600,000 repaid to the Government will not constitute an allowable deduction from gross income for any taxable year. This produces the correct result. Excessive profits, before Federal taxes, of \$1,000,000 would have been recaptured by the Government, \$400,000 through the medium of taxes and \$600,000 by direct repayment to the Government, with no aftermath affecting Federal To hold otherwise, for instance, to hold that the \$1,000,000 should be repaid to the Government and allow such repayment as a deduction for income tax purposes for the year 1942, when the effective rate of tax, for example, is 75 per cent, would produce the following incorrect result: The tax benefit in 1942 would be \$750,000. The taxpayer would have paid \$1,400,000 to the Government and derived a tax benefit of \$750,000. The tax-payer, therefore, would have paid only \$650,-000 net to the Government, whereas the excessive profits admittedly were \$1,000,000. Different results would be obtained in other cases depending upon the factors of income and effective rates of taxes being different from those in this example.

In case the renegotiating agreement determines reduced contract prices to be termines reduced contract prices to be charged during the year of the agreement or subsequent thereto, or a repayment is to be made in lieu thereof which is not applicable to profits for a year for which an income tax return has been filed, and on which profits income and excess profits taxes have not been assessed or paid, gross income to be reported in the returns for such years should be reduced to conform with the reduced prices, or in case of repayment, a deduction may be taken in computing net income: Provided, Excessive profits determined to have been realized and received by the taxpayer are repaid to the Government. Likewise, in case the reduced contract prices are determined for the immediately preceding taxable year or a repayment is to be made in lieu thereof, and the income and excess profits tax returns for such year have not been filed at the time of such determination, the gross income for such preceding year may be reported to conform with the reduced prices agreed upon, or a deduction may be taken in computing net income, as the case may be: Provided, The taxpayer repays to the Government the excessive profits determined to have been realized. No deduction from gross income will be allowed for any other taxable year for the amount of such excessive profits so repaid. This may be illustrated by the following example:

Example. The X Corporation filed a return for the calendar year 1942 on March 15, 1943. In February, 1943, it was determined that the taxpayer had realized during 1942 excessive profits in the amount of \$1,000,000 and the parties agree that during 1943 repayment of such excessive profits will be made to the Government in designated amounts per month until the entire amount of \$1,000,000 excessive profits is repaid. The gross income to be reported by the corporation in its return for 1942 should not include the \$1,000,000, and no tax attributable to excessive profits will thus be assessed or paid. No deduction from gross income will be allowed for any year for the amount of the excessive profits excluded from gross income and repaid to the Government.

In cases of renegotiation agreements with respect to years for which income and excess profits tax returns have not been filed and income and excess profits taxes not assessed and paid, the reduction in gross income may be made, or the deduction may be taken in computing net income, as the case may be although the renegotiating agreement has not been completed: Provided, At the time of filing the return the negotiations have progressed to such a stage that the amount of the reduction in gross income, or the amount of the repayment in lieu thereof, is certain, and in filing the income and excess profits tax return such reduction is made or such deduction is taken.

The Eureau, upon request of the parties to the renegotiation, in any case will advise them relative to the amount of excessive profits previously recaptured through the medium of income and excess profits taxes paid thereon.

In addition to the above stated considerations for the basis of the position of the Bureau that refunds of income and excess profits taxes should not be allowed in such cases, it may be stated that if the Bureau should be required to make refunds of the taxes paid on excessive profits repaid to the Government because such excessive profits have been determined before the taxes, instead of after the taxes, entirely ignoring the previous recapture of a portion of the excessive profits through the medium of such taxes, an appropriation from Congress to provide funds for such refunds would be necessary. The estimate of the sum necessary for such purpose logically would be

based upon information from the negotiating agencies relative to the income and excess profits taxes paid on the excessive profits recaptured by such agencies without reducing the excessive profits by the amount of such taxes previously paid thereon.

What has been said above applies with

What has been said above applies with equal force to cases involving a cost-plus-a-fixed-fee contract where an item for which the taxpayer has been reimbursed is disallowed as an item of cost chargeable to such contract and the taxpayer is required to repay to the United States the amount disallowed.

### [RR 852.2]

(c) I. T. 3611—Section 3806.—Mitigation of Effect of Renegotiation of War Contracts or Disallowance of Reimbursement

### INTERNAL REVENUE CODE

Effect for Federal income and excess profits tax purposes of the renegotiation of Government contracts or subcontracts thereunder to eliminate excessive profits for a particular year, and the allowance, in mitigation of the effect of such renegotiation, of a credit against the excessive profits, under section 3806 of the Internal Revenue Code, as added by section 508 of the Revenue Act of 1942, for Federal income and excess profits taxes attributable to such excessive profits. Practice of Burcau (I. T. 3577, C. B. 1942–2, 163) restated.

Advice is requested as to the effect for Federal income and excess profits tax purposes of the renegotiation of Government contracts or subcontracts thereunder to eliminate excessive profits for a particular year, and the allowance, in mitigation of the effect of such renegotiation of a credit against the excessive profits, under section 3806 of the Internal Revenue Code, as added by section 508 of the Revenue Act of 1942, for Federal income and excess profits taxes attributable to such excessive profits.

Under Title IV of the Sixth Supplemental

Under Title IV of the Sixth Supplemental National Defense Appropriation Act of 1042 (Public law 528, Seventy-seventh Congress, second session), as amended by section 801 of the Revenue Act of 1042 (Public law 763, Seventy-seventh Congress, second session), certain Government departments or agencies are authorized and directed to require contractors or subcontractors to renegotiate the contract price with respect to designated contracts and subcontracts in case any amounts of excessive profits have been or are likely to be realized therefrom and recover such excessive profits paid, or to withhold payment if the profits have not been paid.

In case the renegotiating agreement provides that excessive profits have been realized under contracts in effect during prior taxable years for which returns have been filed and the income and excess profits taxes putd or assessed, elimination of the excessive profits on which such taxes have been putd or assessed is involved in the settlement. question was raised whether the contractor or subcontractor should repay the entire amount of such excessive profits to the Government and the Bureau of Internal Revenue be required to refund the income and excess profits taxes paid on such excessive profits, or whether only the amount of such profits in excess of the Federal income and excess profits taxes paid or assessed thereon should be repaid by the contractor or subcontractor and no refund or abatement of such taxes be made, the taxes being considered as a re-capture of a portion of the excessive profits, and as such a proper offset against the total excessive profits, and the remainder of the excessive profits being recaptured through payment thereof to the Government by the contractor or subcontractor. The question was also raised whether the excessive profits eliminated give rise to a deduction in the income and excess profits tax returns of the taxpayer for any other taxable year, since to do so would result in a double tax benefit where the income and excess profits taxes have been offset against the excessive profits. These questions have now been resolved by section 3806 of the Code, as indicated below. Section 3806 (a) 1 of the Code requires that

a payment or repayment within a taxable year ending after December 31, 1941, of excessive profits pursuant to a renegotiation, shall be treated as a reduction of the price of the contracts or subcontracts for the taxable year for which such price was received or accrued. Section 3806 (b) of the Code requires that the decrease in Federal income and excess profits taxes resulting from such contract price reductions be credited against the amount of the excessive profits eliminated through renegotiation. Consequently the taxpayer will, on account of the renegotiation, pay or repay to the United States only the net amount of excessive profits of a prior taxable year which remain after there has been credited against the excessive profits the amount of Federal income and excess profits taxes attributable to such excessive profits. If the amount allowed as such credit against the excessive profits is less than the amount allowable, the difference is to be treated as an overpayment of the tax to be refunded or credited to the taxpayer as provided in section 3806 (c) of the Code. Also, the credit allowed against the amount of excessive profits, for Federal income tax purposes, including computation of post-war re-fund of excess profits taxes under section 780 of the Ccde, is treated the same as if such credit were a refund of the taxes forming the basis of the credit.

In view of the provisions of section 3806, it is the opinion of this office that the tax-payer's net income for Federal income and excess profits tax purposes is required to be, in effect, determined upon the basis of, and by giving effect to, the renegotiation. No re-fund of tax for any taxable year shall include any amount of tax which, pursuant to section 3806 (b), is credited against excessive profits eliminated for such year. However, for the purpose of determining the correct amount of the tax after a renegotiation has been made for a taxable year, the amount credited against the excessive profits eliminated is to be treated as an amount previously credited to the taxpayer in respect of the tax for such year. Also, the amount of the post-war refund, under sections 780 and 781 of the Code, of excess profits tax shall be reduced to reflect the amount of such tax which is credited against the excessive profits eliminated. Furthermore, where excessive profits eliminated and repaid to the Government are treated as a reduction of gross income, the amount of such excessive profits is not an allowable deduction from the gross income of the taxpayer for any taxable year.

income of the taxpayer for any taxable year. (See section 3806 (a) (3) of the Code.) This may be illustrated by the following example:

Example. The A Corporation, which makesits income and excess profits tax returns on the calendar year basis, filed its returns for 1942 on March 15, 1943. As a result of a renegotiation consummated on May 1, 1943, it was determined that in 1942 the A Corporation realized excessive profits of \$1,000,000 in the performance of its Government contracts. On such amount of \$1,000,000, the A Corporation was assessed Federal income and excess profits taxes aggregating \$700,000, of which \$10,000 represented declared value excess-profits taxes and \$270,000 represented excess profits taxes imposed by Subchapter E of Chapter 2 of the Code. Such taxes were credited against the \$1,000,000 of excessive profits eliminated for 1942, and on May 1, 1943, the A Corporation paid to the United States the net amount of \$300,000 (\$1,000,000 less \$700,000). The gross income of the A Corporation for 1942 is to be reduced by

the \$1,000,000 in excessive profits eliminated. The A Corporation is not entitled in computing its net income for 1942 or any subsequent taxable year to deduct any portion of such \$1,000,000 excessive profits. No part of the \$700,000 Federal income and excess profits taxes shall be refunded or credited to the taxpayer under cections 321 and 322 of the Code. However, for the purpose of determining the correct tax for 1942, the amount of tax shown by the A Corporation on its return for such year shall be decreased by the \$700,000 credit allowed against excessive profits. The post-war refund of excess profits tax is reduced by \$27,000 (10 percent of \$270,000).

In giving effect to the principles applied by section 3806 of the Code in case the renegotiating agreement determines reduced contract prices to be charged during the year of the agreement or subsequent thereto, or a repayment is to be made in lieu thereof which is not applicable to profits for a year for which an income tax return has been filed, and on which profits income and excess profits taxes have not been accessed or paid, the practice of the Bureau has been to permit the taxpayer to reduce the greez income to be reported in the returns for such years to conform with the reduced price or, in case of reparent, to permit a deduction to be taken in commuting not to deduction to be taken in computing net income, provided, excessive profits determined to have been realized and received by the taxpayer are repaid to the Government. Likewise, in case the reduced contract prices are determined for the immediately preced-ing taxable year or a repayment is to be made in lieu thereof, and the completed income and excess profits tax returns for such year have not been filed at the time of such determination, the taxpayer has been permitted to report the gross income for such preceding year to conform with the reduced prices agreed upon or to take a deduction in computing net income, as the case may be, provided the taxpayer repays to the Government the excessive profits determined to have been realized. No deduction from gross income is allowed for any other taxable year for the amount of such excessive profits co repaid. This method of treatment will continue to be followed, subject to the condition that the excessive profits he paid or repaid to the United States or credited against amounts due and payable from the United States, and no deduction from green income will be allowed for any other taxable year for the amount of such excessive profits so repaid. (See I. T. 3577, C. B. 1942-2, 163.)
The above statements apply with equal

The above statements apply with equal force to (1) disallowance of items of cost for which a contractor has been previously reimbursed under a cost-plus-a-fixed-fee contract (see section 3806 (a) 2 of the Code), and (2) contracts involving any renegotiation within the meaning of that term as it is defined in section 3806 (a) 1 (A) of the Code, including, but not limited to, (a) any modification of one or more contracts with the United States or any agency thereof when such modification effects a voluntary elimination of excessive profits (as defined in section 3806 (a) 1 (B) of the Code) for a prior year, or a price reduction made retroactive for a prior year pursuant to express provision for price adjustment contained in the United States or any agency thereof in respect of one or more such contracts or subcontracts thereunder.

### [RR 852.3]

By order of the War Contracts Price Adjustment Board.

[SEAL] JOSEPH M. DODGE, Chairman.

[F. R. Doc. 44-5474; Filed, April 18, 1944; 11:02 a, m.]

# TITLE 34-NAVY

Chapter I—Department of the Navy REDICOTIATION REGULATIONS

CROSS REFERENCE: For Renegotiation Regulations issued by the War Contracts Price Adjustment Board, see Title 32, Chapter XIV, supra.

# TITLE 37—PATENTS AND COPYRIGHTS

Chapter I—Patent Office, Department of Commerce

[Order 302]

PART 2—REGISTER OF GOVERNMENT
INTERESTS IN PATENTS

Pursuant to Executive Order No. 9424, of February 18, 1944 (9 F.R. 1959), the following rules and regulations are hereby promulgated, viz:

- § 2.1 Requirements. The Executive order requires the several departments and other executive agencies of the Government, including Government-owned or Government-controlled corporations, to forward promptly to the Commissioner of Patents for recording all licenses, assignments, or other interests of the Government in or under patents of applications for patents.
- § 2.2 Assignments. The original of an assignment or other instrument which conveys to the Government only the title to a patent or to an application for patent shall be forwarded to the Commissioner of Patents. The instrument will be recorded, endorsed, and returned.
- § 2.3 Licenses. A copy of any license or instrument other than an assignment which conveys to or gives the Government any interest in or under a patent or an application for patent shall be forwarded for recording. The copy will be retained by the Patent Office but, when desired, the original will be endorsed and returned.
- § 2.4 Abbreviated copy. If an instrument deals with matters in addition to rights and interests in patents or in applications for patents, or in inventions disclosed therein, a copy of only those portions of the instrument dealing with such rights and interests need be forwarded. In such case, a statement giving the general nature of the entire instrument, the parties involved, the date of the instrument, the place where it is usually filed, and any docket or identifying number, must be attached to the copy.
- § 2.5 Instruments already on record. Instruments which have been recorded prior to the adoption of these rules and are on the general assignment records of the Patent Office need not be forwarded again for recording.
- § 2.6° Access to register. The register will not be open to public inspection. It will be available for examination and inspection by duly authorized representatives of the Government, subject to the provisions of § 2.7 hereof. Public examination will be restricted to those instru-

ments which the department or agency of origin has so authorized in writing.

§ 2.7 Secret register. Any instrument to be recorded will be placed on a secret record or register at the request of the department or agency submitting the same. No information will be given concerning any instrument in such record or register, and no examination or inspection thereof or of the index thereto will be permitted, except on the written authority of the head of the department or agency which submitted the instrument and requested secrecy, and the approval of such authority by the Commissioner of Patents. No instrument or record other than the one specified may be examined, and the examination must take place in the presence of a designated official of the Patent Office. When the department or agency which submitted an instrument no longer requires secrecy with respect to that instrument, it will be recorded or registered anew in the appropriate part of the register which is not secret.

§ 2.8 These rules will take effect upon approval.

[SEAL]

CONWAY P. COE, Commissioner of Patents.

Approved: April 17, 1944.

JESSE H. JONES,

Secretary of Commerce.

[F. R. Doc. 44-5483; Filed, April 18, 1944; 11:47 a.m.]

# TITLE 41—PUBLIC CONTRACTS

Chapter I-Procurement Division, Depart-. ment of the Treasury.

## RENEGOTIATION REGULATIONS

CROSS REFERENCE: For Renegotiation Regulations issued by the War Contracts Price Adjustment Board, see Title 32, Chapter XIV, supra.

# TITLE 46—SHIPPING

Chapter II-United States Maritime Commission

> Chapter III-War Shipping Administration

# RENEGOTIATION REGULATIONS

CROSS REFERENCÉ: For Renegotiation Regulations issued by the War Contracts Price Adjustment Board, see Title 32, Chapter XIV, supra.

## Notices

# DEPARTMENT OF THE INTERIOR.

Bureau of Reclamation.

COLUMBIA RIVER PROJECT, WASHINGTON PARTIAL REVOCATION OF SECOND FORM WITHDRAWAL

March 7, 1944.

The SECRETARY OF THE INTERIOR.

Sir: From recent investigations in connection with the Columbia River project, the withdrawal of the hereinafter described lands, withdrawn in the second form prescribed by section 3 of the act of June 17, 1902 (32 Stat. 388). by Departmental order of April 20, 1904, no longer appears necessary to the interests of the project.

It is therefore recommended that so much of said order as withdrew the lands hereinafter listed be revoked: Provided, That such revocation shall not affect the withdrawal of any other lands by said order or affect any other order withdrawing or reserving the lands hereinafter listed.

### COLUMBIA RIVER PROJECT

### WILLAMETTE MERIDIAN, WASHINGTON

T. 13 N., R. 24 E., Secs. 11 to 14, inclusive. T. 11 N., R. 25 E., Secs. 1 and 2: Sec. 3, N½N½, S½. T. 12 N., R. 25 E., Secs. 1 to 5, inclusive; Sec. 8, W½; Sec. 9; Secs. 11 to 16, inclusive; Sec. 17, E½; Sec. 20, E½; Secs. 21 to 28, inclusive; Secs. 34, 35, 36. T. 13 N., R. 25 E., Secs. 21 to 27, inclusive; Sec. 35, E1/2; Sec. 36.

T. 10 N., R. 26 E., Secs. 1, 12, 13; Sec. 25, N½NE¼. T. 11 N., R. 26 E.,

Secs. 3 to 6, inclusive; Sec. 8, N½; Secs. 9 to 14, inclusive; Sec. 15, N1/2; Sec. 18, NE14;

Sec. 20, NE¼; Sec. 22, W½NE¼, SE¼NE¼, W½, SE¼; Secs. 24, 26; Sec. 28, N1/2, SW1/4, E1/2 SE1/4;

Sec. 34, NE1/4

T. 13 N., R. 26 E., Sec. 19;

Sec. 19; Sec. 26, S½SW¼; Sec. 27, S½; Sec. 28, S½N½, S½; Sec. 29, S½N½, S½; Secs. 30 to 34, inclusive; Sec. 35, W½NE¼, SE¼NE¼, W½, SE¼;

T. 10 N., R. 27 E., Sec. 3, Lots 1, 2, NE¼SE¼; Sec. 4, Lots 1, 2, 3, E½SW¼; Sec. 6;

Sec. 11, Lots 1, 2, 4, 5, 8, E1/2 SE1/4;

Sec. 13, W½, SE¼; Sec. 14, Lots 1, 4, 5, 8; Sec. 23, Lots 1, 5, 6;

Sec. 24: Sec. 25, Lots 1, 2, 3. T. 11 N., R. 27 E.,

Sec. 4, SW1/4; Sec. 6, E1/2, NW1/4;

Sec. 18, SW1/4; Sec. 19;

Sec. 20, NE14, SW14;

Secs. 29, 30; Sec. 31, NE1/4; Sec. 82, N1/2; Sec. 33, W1/2.

T. 13 N., R. 27 E., Sec. 25, Lot 1. T. 11 N., R. 28 E.,

Secs. 5, 17, 21; Sec. 33, N½, SW¼. T. 12 N., R. 28 E.,

Secs. 7, 19, 31. Respectfully,

H. W. BASHORE, Commissioner. I concur March 31, 1944. FRED W. JOHNSON, Commissioner of the General Land Office.

The foregoing recommendation regarding the Columbia River project is hereby approved, and it is so ordered. The jurisdiction over and use of such lands by the Bureau of Reclamation shall cease upon the date of the signing of this order.

This order, however, shall not otherwise become effective to change the status of the lands until 10:00 o'clock a. m. of the sixty-third day from the date on which it is signed, whereupon the lands shall, subject to valid existing rights, become subject to such application, petition, location, or selection as may be authorized by the public-land laws in accordance with the provisions of 43 CFR 295.8 (Circ. 324, May 22, 1914, 43 L. D. 254) and 43 CFR part 296, to the extent that these regulations are applicable.

The Commissioner of the General Land Office is hereby authorized and directed to cause the records of his office and of the local land office to be noted accordingly.

> MICHAEL W. STRAUS. Assistant Secretary.

APRIL 10. 1944.

[f. R. Doc. 44-5470; Filed, April 18, 1944; 10:24 a. m.]

# [No. 31]

NOTUS AND PAYETTE DIVISIONS, BOISE PROJECT, IDAHO

PUBLIC NOTICE OF ANNUAL WATER RENTAL CHARGES 1

APRIL 8, 1944.

1. Announcement is hereby made that water will be furnished during the irrigation season of 1944 (April to October, both inclusive), and thereafter until further notice, for the irrigation of project lands hereinafter described, upon a water rental basis at rates and upon terms following:

(a) For the 300 acres of land, or any part thereof, referred to in article 24 of the contract of October 3, 1927, between the United States and the Black Canyon Irrigation District and being in the Notus division of the Boise project the minimum water rental charge for the irrigation season of 1944 and for each irrigation season thereafter until further notice, for water delivered to or for the farms by Government forces, will be four hundred and eighty dollars (\$480) per irrigation season, which amount will permit the delivery of not to exceed 900 acrefeet of water. Such amount will be payable by the District in advance of the delivery of water. Additional water for the said part of the Notus division will be furnished during each irrigation season at the rate of seventy cents (\$0.70) per acre-foot, and shall be payable by the District to the United States on or before December 31st of each year.

<sup>1</sup>Act of June 17, 1902, 32 Stat. 388, as amended or supplemented.

Water for these lands of the Notus division will be delivered and measured into the Notus Canal through feeders in Conway Gulch and near Sand Hollow.

(b) For lands served by gravity canals in the Payette division of the Boise project the minimum rental charge for the irrigation season of 1944 and for each season thereafter until further notice, for water delivered to or for the farms by Government forces, will be one dollar and sixty cents (\$1.60) per irrigable acre, payable by all landowners to the District and by the District to the United States in advance of the delivery of water, said payment to be made by each landowner for his total irrigable area. The said minimum charge of one dollar and sixty cents (\$1.60) per irrigable acre shall be payable whether water is used or not and will entitle the water user to three (3) acre-feet of water per irrigable acre for each irrigation season. Additional water will be furnished during each irrigation season at the rate of seventy cents (\$0.70) per acre-foot, and shall be payable by each landowner to the Black Canyon Irrigation District on or before December 30th of each year. Charges for such excess water shall be payable by the District to the United States on or before December 31st of each year: Provided, That, for lands which do not receive water and the owners of which do not pay the minimum charge of one dollar and sixty cents (\$1.60) per irrigable acre during the irrigation season 1944 and thereafter, the District shall assess the amount of said minimum charge against such lands during the year for which said charge is made and the amount thereof shall be paid by the District to the United States on or before December 31st of the year following the year during which such assessment is

 Water for Payette division lands will be delivered and measured by Government forces at the nearest available measuring device to the individual farm.

3. If the charges or any part thereof are not paid on or before the due date, there shall be added on the following day a penalty of one-half of one per centum of the amount unpaid, and a like penalty of one-half of one per centum of the amount unpaid on the first day of each calendar month thereafter, so long as such default shall continue.

4. Individual landowners in the Payette division will make their applications for water and the payments required by this public notice direct to their irrigation district office. Applications by the Irrigation District for water and payments by the District to the United States on the basis of this public notice will be received at the office of the Assistant Regional Director, Bureau of Reclamation, Boise, Idaho.

(Departmental Order No. 1903 of November 17, 1943, 8 F.R. 15872, issued under

the act of December 19, 1941, 55 Stat. 842)

[SEAL]

H. W. BASHORE, Commissioner.

[F. R. Doc. 44-5471; Filed, April 18, 1944; 10:23 a.m.]

# DEPARTMENT OF LABOR.

Wage and Hour Division.

INDUSTRIES IN SAINT THOMAS AND SAINT
JOHN, VIRGIN ISLANDS

### MINIMUM WAGE HEARING

Notice of public hearing before the special industry committee for the municipality of Saint Thomas and Saint John, Virgin Islands, for the purpose of receiving evidence to be considered in recommending minimum wage rates for employees in said municipality.

Whereas, by Administrative Order No. 335 published in the Federal Register on April 4, 1944, the meeting of the special industry committee for the Municipality of Saint Thomas and Saint John, Virgin Islands, was postponed pending further notice by the Chairman of said committees and

Whereas, the public hearing scheduled to be held by the special industry committee for the Municipality of Saint Thomas and Saint John, Virgin Islands, was on March 31, 1944 postponed by the Chairman of said committee pending

further notice by him.

Now, therefore, notice is hereby given to all interested persons that the special industry committee for the Municipality of Saint Thomas and Saint John, Virgin Islands will convene and hold a public hearing beginning on April 24, 1944 at 10:00 a.m. at the Municpal Council Hall in Charlotte Amalie, Saint Thomas, Virgin Islands, for the purpose of receiving evidence to be considered by the special industry committee for the Municipality of Saint Thomas and Saint John, Virgin Islands, in determining the highest minimum wage rates for all employees in said municipality who, within the meaning of the Fair Labor Standards Act of 1938, are "engaged in commerce or in the production of goods for commerce" which, having due regard to economic and competitive conditions will not substantially curtail employment and will not give any industry in the Virgin Islands a competitive advantage over any industry in the United States outside of the Virgin Islands.

All testimony will be taken under oath and subject to reasonable cross-examination by any interested person present. Testimony so received will be offered as evidence at the public hearing to be held on such minimum wage recommendations as the special industry committee for the Municipality of Saint Thomas and Saint John may make.

The hearing will be conducted in accordance with the notice of the hearing heretofore published in the FEDERAL REGISTER on March 10, 1944, and in accordance with such rules of procedure as the committee may adopt.

Signed at San Juan, Puerto Rico, this 14th day of April 1944.

JOHN A. LAPP.

Chairman, Special Industry Committee for the Municipality of Saint Thomas and Saint John, Virgin Islands.

[F. R. Doc. 44-5465; Filed, April 18, 1944; 10:30 a.m.]

# Industries in Sant Croix, Virgin Islands

### MINIMUM WAGE HEARING

Notice of public hearing before the special industry committee for the municipality of Saint Croix, Virgin Islands, for the purpose of receiving evidence to be considered in recommending minimum wage rates for employees in said municipality.

Whereas, by Administrative Order No. 335 published in the Federal Register on April 4, 1944, the meeting of the special industry committee for the Municipality of Saint Croix, Virgin Islands, was postponed pending further notice by the Chairman of said committee; and

Whereas, the public hearing scheduled to be held by the special industry committee for the Municipality of Saint Croix, Virgin Islands, was on March 31, 1944 postponed by the Chairman of said committee pending further notice by him

Now, therefore, notice is hereby given to all interested persons that special industry committee for the Municipality of Saint Croix, Virgin Islands, will convene and hold a public hearing beginning on May 1, 1944 at 10:00 a.m. at the District Court Room, Christiansted, Saint Croix, Virgin Islands, for the purpose of receiving evidence to be considered by the special industry committee for the Municipality of Saint Croix, Virgin Islands, in determining the highest minimum wage rates for all employees in said municipality who, within the meaning of the Fair Labor Standards Act of 1938, are "engaged in commerce or in the production of goods for commerce" which, having due regard to economic and competitive conditions will not substantially curtail employment and will not give any industry in the Virgin Islands a competitive advantage over any industry in the United States, outside of the Virgin Islands.

All testimony will be taken under oath and subject to reasonable cross-examination by any interested person present. Testimony so received will be offered as evidence at the public hearing to be held on such minimum wage recommendations at the special industry com-

mittee for the Municipality of Saint Croix may make.

The hearing will be conducted in accordance with the notice of the hearing heretofore published in the FEDERAL REG-ISTER on March 10 1944, and in accordance with such rules of procedure as the committee may adopt.

Signed at San Juan, Puerto Rico, this 14th day of April, 1944.

JOHN A. LAPP, Chairman, Special Industry Committee for the Municipality of Saint Croix, Virgin Islands.

[F. R. Doc. 44-5466; Filed, April 18, 1944, 10: 30 a. m.]

FEDERAL COMMUNICATIONS COM-MISSION.

[Docket No. 6586]

GOVERNMENT TELEGRAPH COMMUNICATIONS BETWEEN U. S. AND TURKEY

ORDER OF SUSPENSION AND INVESTIGATION

In the matter of increased charges for Government telegraph communications between the United States and Turkey.

At a session of the Federal Communications Commission held at its offices in Washington, D. C., on the 11th day of April 1944;

It appearing that The Commercial Cable Company, Mackay Radio and Telegraph Company, Inc., and The Western Union Telegraph Company have filed with the Commission tariff schedules, to become effective April 15, 1944, stating new increased charges for United States, British, and Turkish Government telegraph messages from the United States to Turkey via the so-called London-Eastern and London-Wireless routes; said tariff schedules being designated as follows:

The Commercial Cable Company: F. C. C.

No. 2; 7th Revised Page 70.

Mackay Radio and Telegraph Company: F. C. C. No. 2; 11th Revised Page 103, 9th Revised Page 123.

The Western Union Telegraph Company: F. C. C. No. 180; 8th Revised Page 45.

It further appearing that said tariff schedules state increased charges for United States, British, and Turkish Government\_communications in interstate and foreign commerce: that the rights and interests of the public may be injuriously affected thereby; and it being the opinion of the Commission that the effective date of said schedules, insofar as they relate to increased charges for telegraph communications from the United. States to Turkey should be postponed pending hearing and decision on the lawfulness of such increased charges;

It is ordered, That the Commission, upon its own motion, without formal pleading, shall enter upon a hearing concerning the lawfulness of the charges set forth in the above-cited tariff schedules, insofar as such charges relate to United States, British, and Turkish Government telegraph communications from the United States to Turkey;

It is further ordered, That the operation of the above-cited tariff schedules, insofar as they provide for increased charges for and in connection with United States, British, and Turkish Government telegraph communications from the United States to Turkey, be suspended; that the use of the charges therein stated as applicable to such communications be deferred until July 15, 1944, unless otherwise ordered by the Commission; and that during said period of suspension no changes shall be made in such charges or in the charges sought to be altered, unless authorized by special permission of the Commission;

It is further ordered, That an investigation be, and the same is hereby, instituted into the lawfulness of the rates, charges, classifications, regulations, practices, and services of all the United States carriers furnishing telegraph communication service between the United States and Turkey, for and in connection with United States, British, and Turkish Government telegraph communication service between the United States and Turkey:

It is further ordered, That in the event a decision as to the lawfulness of the charges herein suspended has not been made during the suspension period, and said charges shall go into effect, The Commercial Cable Company, Mackay Radio and Telegraph Company, Inc., and The Western Union Telegraph Company, and all other carriers subject to the Commission's jurisdiction participating in the service provided under the tariff provisions herein suspended, shall, until further order of the Commission, each keep accurate account of all amounts charged, collected, or received by reason of any increase in charges effected thereby; that each such carrier shall specify in such accounts by whom and in whose behalf such amounts are paid: and The Commercial Cable Company, Mackay Radio and Telegraph Company, Inc., and The Western Union Telegraph Company, and each of the other participating carriers referred to above shall file with this Commission a report, under oath, on or before the 10th day of each calendar month, commencing August 10, 1944, showing the amounts accounting for as aforesaid during the previous calendar month:

It is further ordered, That a copy of this-order shall be filed in the office of the Federal Communications Commission with said tariff schedules herein suspended in part; that The Commercial Cable Company, Mackay Radio and Telegraph Company, Inc., The Western Union Telegraph Company, R. C. A. Communications, Inc., and the said carrier parties to such tariff schedules be, and they are hereby, each made a party respondent to this proceeding; and that copies hereof be served upon each such party respondent, and upon the Office of Price Administration;

It is further ordered, That this proceeding be, and the same is hereby, assigned for hearing beginning at 10:00 a. m. on the 18th day of May, 1944 at the offices of the Federal Communications Commission, in Washington, D. C. By the Commission.

[SEAL]

T. J. SLOWIE, Secretary.

[F. R. Doc. 44-5482; Filed, April 18, 1944; 11:40 a. m.]

[Docket Nos. 6587, 6588]

AMERICAN HOTEL ASSN. AND BOWMAN-BILTMORE HOTELS CORP., ET AL.

ORDER SETTING HEARING DATE

American Hotel Association and Bowman-Biltmore Hotels Corporation, Complainants, v. American Telephone and Telegraph Company et al., Defendants, Docket No. 6587; Hotel Association of Washington, D. C., Inc., Complainant, v. American Telephone and Telegraph Company and The Chesapeake and Potomac Telephone Company, Defendants, Docket No. 6588.

At a session of the Federal Communications Commission held at its offices in Washington, D. C., on the 11th day of

April, 1944;

The Commission, having under consideration a complaint filed on February 26 by the American Hotel Association and Bowman-Biltmore Hotels Corporation, and a complaint filed on February 28, 1944, by the Hotel Association of Washington, D. C., Inc., against the American Telephone and Telegraph Company and Associated Companies, regarding a tariff regulation filed with the Commission by the defendant telephone companies, effective February 15, 1944, prohibiting the collection by any hotel, apartment house, or club of any charge for use of interstate and foreign message toll telephone service other than the message toll charges of the telephone companies specified in their filed tariffs; and having also under consideration answers to the above complaints filed on April 1 and 3, 1944, by defendant telephone companies:

It is ordered, That a hearing be, and the same is hereby directed to be held with respect to the above complaints, beginning at 10:00 a.m. on the 17th day of May, 1944, at the offices of the Commission in Washington, D. C.:

It is further ordered, That Commissioners Walker and Wakefield, or either of them, be, and they are hereby authorized to conduct the proceedings herein, and to submit appropriate reports thereon.

[SEAL]

T. J. SLOWIE, Secretary.

[F. R. Doc. 44-5481; Filed, April 18, 1944; 11:41 a. m.]\*

# FEDERAL POWER COMMISSION.

[Docket Nos. G-437, G-521]

PANHANDLE EASTERN PIPE LINE CO. ORDER POSTPONING DATE OF HEARING

APRIL 15, 1944.

It appearing to the Commission that: Good cause exists for postponement of the hearing in the above entitled The Commission orders that:

The public hearing heretofore set for April 19, 1944, in Docket Nos. G-437 and G-521 be and the same is hereby postponed to May 17, 1944, at 9:45 a. m. in the Commission's Hearing Room, Hurley-Wright Building, 1800 Pennsylvania Avenue, N. W., Washington, D. C.

By the Commission.

[SEAL]

LEON M. FUQUAY, Secretary.

[F. R. Doc. 44-5468, Filed, April 18, 1944; 10:23 a. m.]

[Docket No. G-537]

KANSAS CONSOLIDATED GAS CORP.

NOTICE OF APPLICATION

APRIL 17, 1944.

Notice is hereby given that on April 8, 1944, Kansas Consolidated Gas Corporation (hereinafter referred to as "Applicant") filed with the Federal Power Commission an application seeking authority under section 7 of the Natural Gas Act, as amended, to construct and operate the following facilities:

(i) A gas compressor station of 5,600 horsepower capacity to be located in Stevens-County, Kansas, in the Hugeton gas field, together with various compres-

sor station structures;
(ii) Approximately 215 miles of 18inch natural gas main transmission pipe line extending from the aforesaid compressor station in a northeasterly direction to a point approximately one mile west of Wichita, Kansas;

(iii) Approximately 3 miles of 14-inch pipe line comprising two lines connecting the eastern terminus of the aforesaid 18inch line with the Consolidated Gas Utilities Corporation's Wichita Town Border Station and Wichita Compressor Station;

(iv) A dehydration plant to be located at a strategic point on the aforesaid main

transmission pipe line;

(v) Approximately 12 miles of telephone line extending from the compressor station referred to in (i) above to either Hugoton or Liberal, Kansas;

(vi) Requisite meters, regulators, valves, fittings, connections, tools and equipment and structures for use in connection with the proposed facilities.

The Applicant states that a considerable portion of the gas supplied through the proposed facilities will be delivered to Consolidated Gas Utilities Corporation and thereby permit that company to meet the retail and wholesale demands upon its system, extending from Wheeler County, Texas, north to Wichita and Lyons, Kansas. In addition, it is proposed to sell gas to other companies to assist them in meeting their demands.

Any person desiring to be heard or to make any protest with reference to this application should, on or before May 6, 1944, file with the Federal Power Commission a petition or protest in accordance with the rules of practice and regulations of the Commission.

[SEAL]

LEON M. FUQUAY. Secretary.

[F. R. Doc. 44-5467; Filed, April 18, 1944; 10:23 a. m.]

OFFICE OF PRICE ADMINISTRATION.

[Maximum Import Price Rez., Order 13]

NATURAL MERTHOL

PURCHASES BEFORE IMPORTATION

Order No. 13 under section 21 of the Maximum Import Price Regulation.

For the reasons set forth in an opinion issued simultaneously herewith and filed with the Division of the Federal Register, and pursuant to the authority vested in the Price Administrator by the Emergency Price Control Act of 1942, as amended, and by Executive Orders Nos. 9250 and 9328, It is ordered:
(a) Effect of this order. This order

establishes maximum prices for all purchases of natural menthol before importation and maximum prices for all sales of natural menthol produced outside the

continental United States.

(b) Purchases of natural menthol before importation. Notwithstanding the provisions of the Maximum Import Price Regulation, on and after April 17, 1944, regardless of any contract, agreement or other obligation, no person in the course of trade or business shall buy or receive any natural menthol U.S.P. to be imported into the continental United States at a price that will result in a cost in excess of \$15.00 per pound, f. o. b., duty paid, any U. S. port of entry: Provided, however, That any purchase contract previously made at a higher price, for which an irrevocable letter of credit has been established prior to April 17, 1944, may be completed and delivery taken after April 17, 1944, at the contract price.

(c) Sales of natural menthol. Notwithstanding the provisions of the Maximum Import Price Regulation, on and after April 17, 1944, regardless of any contract, agreement or other obligation, no person in the continental United States in the course of trade or business shall sell or deliver natural menthol, U.S.P., produced outside the continental United States, and no person in the course of trade or business shall buy or receive such menthol from such person, at prices higher than the maximum

prices set forth below:

tainers\_.

(1) Sales by importers to industrial users or to repackagers:

Maximum prices, per pound, f.o.b., duty paid, any U.S. port of entry

Sold in quantities of 500 lb. lots or over in original con--- 816.50 tainers\_. 100 up to 500 lbs. in original con-

tainers\_. 16.75 10 up to 100 lbs. in original con-

(2) Sales by repackagers to wholesalers and industrial users (excluding retail druggists):

Repackaged container size	Sold in quantities ef—	
	10 psunds or more	Less than 10 pounds
1 pound	Pa lb. 858.83 68.93 68.93 68.93 81.93	Par lb. \$20.81 20.81 21.03 22.10

(3) Sales by wholesalers to industrial users and retail druggists:

Repackaged container size: Maximum prices 1 lb\_\_\_\_\_ \$27.13 per lb. 

 ½ lb
 \$13.63 per ½ lb.

 ¼ lb
 \$6.84 per ¼ lb.

 1 cz
 \$1.60 per cz.

(d) Sales in other sized containers. The maximum prices for sales in container sizes for which no maximum prices are listed in this order, shall be the maximum prices applicable to the next larger container size.

(e) Discounts, credit terms and transportation charges. Each seller shall apply to the maximum prices established by this order the same discounts, credit terms, and practices relating to the payment of freight charges which he used on or about October 15, 1941, on sales of natural menthol, U.S.P.

(1) Brokers or agents commissions. The maximum prices established in this order may not be increased by any com-

mission paid to any broker or to any buying or selling agent.

(g) Less than maximum prices. Lower prices than those established by this order may be charged, demanded, paid or offered.

(h) Definitions. As used in this order

the term:

"Importer" means the person in the continental United States who purchases natural menthol, U. S. P., from the foreign seller whose place of business is located outside the continental United States.

"Repackager" means any person who removes natural menthol from its original container and repackages it in smaller units for resale. An importer who repackages natural menthol in this manner shall be included within the term "repackager."

"Wholesaler" means any person who sells repackaged natural menthol, U.S.P., directly to industrial users or retail druggists. A repackager who sells directly to retail druggists shall be included within

the term "wholesaler."

"Industrial user" means any person who subjects natural menthol to a process or processes that result in the production of a new and different article having a distinctive name, character or use, or who uses it as an ingredient or a component part of such an article.

(i) Current records. Every person making a sale in any quantity of natural menthol, U.S.P., for which maximum prices are established by this order shall prepare and preserve complete and accurate records of each sale for inspection by the Office of Price Administration for as long as the Emergency Price Control Act of 1942, as amended, remains in effect. Such records shall include:

- 1. Name and address of the buyer.
- 2. The date of the sale.
- 3. The quantity sold and the size of the container.
- 4. The price charged.
- 5. The cash discount or credit terms.
- 6. Any transportation charges.

This Order No. 13 shall become effective April 17, 1944.

(56-Stat. 23, 765, Pub. Law 151, 78th Cong.; E.O. 9250, 7 F.R. 7871, E.O. 9328, 8 F.R. 4681)

Issued this 15th day of April 1944. CHESTER BOWLES. Administrator.

[F. R. Doc. 44-5356; Filed, April 15, 1944; 12:07 p. m.]

[MPR 193, Order 6]

AMERICAN DISTILLING CO.

ESTABLISHMENT OF CEILING PRICES FOR DOMESTIC DISTILLED SPIRITS

For the reasons set forth in an opinion issued simultaneously herewith and in accordance with § 1420.13 (c) of Maximum Price Regulation 193 and § 1499.3 (b) (3) of the General Maximum Price Regulation, it is ordered that:

Section 1. Explanation of this order—
(a) Purpose. This order is issued to establish (where necessary) and to gather into a single document the most important provisions relative to ceiling prices of sellers of certain packaged whiskey to be sold under the brand names "Privilege" and "Prerogative" as the result of a transfer of whiskey by The American Distilling Company (a Maryland corporation) to Gilbert B. Geiger, Trustee under Trust Indenture dated December 11, 1943; to establish ceiling prices for "clearing" that whiskey ("clearing" being defined in section 10 of this order); to require certain sellers of that whiskey to make reports to the Office of Price Administration, and to afford a convenient means of directing attention to and giving notice of those ceiling prices and requirements.

(b) Certain definitions. "Trustee" as used in this order means Gilbert B. Geiger as Trustee under Trust Indenture made and executed December 11, 1943 by The American Distilling Company (a Maryland corporation) and includes his

successors in trust.

"Privilege Whiskey" as used in this order means a blend of straight whiskeys 80.6° proof, 25% straight whiskey four years old, 27% straight whiskey three years old, and 48% straight whiskey two years old, in packages each containing 4/5 quart thereof, bearing the brand name "Privilege" on their front labels. A case of that whiskey means twelve of such packages in an individual shipping container.

"Prerogative Whiskey" as used in this order means rye or bourbon whiskey 100° proof, bottled in bond, in packages each containing one quart thereof and bearing the brand name "Prerogative" on their front labels. A case of that whiskey means twelve of such packages in an in-

dividual shipping container.

"Price" as used in this order means the consideration requested or received in connection with the sale of merchandise or supplying of a service.

"Ceiling price" as used in this order means the highest price that may be

charged, demanded, paid or received.
(c) April 1, 1944 increase in Federal excise taxes. The ceiling prices provided

in sections 2 through 6 of this order include Federal excise taxes at rates in effect prior to April 1, 1944. On that date the Federal excise tax applicable to "Privilege" whiskey increases \$5.83 per case and the tax applicable to "Prerogative" increases \$9.00 per case. By the use of footnotes provision is made in this order for adding the April 1, 1944 Federal excise tax increase to ceiling prices on all whiskey with respect to which the seller pays the increase. A seller may add only the exact amount of that tax increase applicable without markup thereon or other addition thereto. On and after April 1, 1944 every seller must state on each invoice to any customer that the prices in the invoice include the increase effective April 1, 1944 in United States excise taxes and that no markup may be applied to the amount thereof. A statement in substantially the following language upon the face of the invoice shall be deemed compliance with this provision:

Our invoice prices include the increase effective April 1, 1944 in United States excise taxes. OPA regulations prohibit a markup on the amount thereof.

SEC. 2. Ceiling prices for sales of "Privilege" and "Prerogative" whiskey by special sellers. "Special seller" means a person (regardless of whether a stockholder of The American Distilling Company) not customarily engaged in the business of buying and selling distilled spirits as a wholesaler, retailer, primary distributing agent or monopoly state, who sells or offers for sale "Privilege" or "Prerogative" whiskey in accordance with a special license or permit authorizing him to receive and dispose of that whiskey issued under applicable state laws or regulations.) It also includes a person who sells or offers to sell such whiskey without license or permit.

(a) Prices. The ceiling prices of a special seller for a sale of "Privilege" or "Prerogative" whiskey shall be as follows:

(1) Sales to wholesalers and monopoly states. Ceiling prices per case f. o. b. special seller's shipping point are the total of the following:

(i) \$15.17 per case of "Privilege" or \$23.25 per case of "Prerogative" whiskey; plus

(ii) Freight per case from the bottling plant to the special seller's receiving point paid by him with respect to the whiskey being priced; plus

(iii) Applicable state and local excise taxes imposed on and paid by the special seller with respect to the whiskey being

(2) Sales to retailers and to all other persons except wholesalers and monopoly states. Ceiling prices per case f. o.b. special seller's shipping point are the total of the following:

(i) \$15.17 per case of "Privilege" or \$23.25 per case of "Prerogative" whiskey;

(ii) Freight per case from the bottling plant to the special seller's receiving point paid by him with respect to the

whiskey being priced; plus
(iii) Applicable state and local excise taxes at rates in effect on November 2, 1942 imposed on and paid by the special seller with respect to the whiskey being priced; plus
(iv) 15% of the total of (i), (ii) and

(iii) immediately above; 3 plus

(v) The applicable amount of any new state or local excise tax first imposed by statute effective after November 2, 1942 and the applicable amount of any in-. crease effective after November 2, 1942 in state or local excise taxes on that date. imposed on and paid by the special seller with respect to the whiskey being priced.

(3) Sales of individual packages. A special seller's ceiling price for sales of one or more individual packages of "Privilege" or "Prerogative" whiskey to a purchaser of any class shall be one-twelfth of his ceiling price per case to a purchaser of that class, multiplied by the number of individual packages being priced.

(b) Reports. A special seller selling or transferring (by gift or otherwise) any "Privilege" or "Prerogative" whiskey shall file a report of the sale or transfer with the District Office of the Office of Price Administration having jurisdiction over the territory in which he resides. The report shall be in writing, signed by the special seller, shall be filed within five days after the sale or transfer has been made and shall contain statements show-

(1) The name and address of the special seller filing the report.

(2) The name and address of the buyer or transferee.

(3) The date of the sale or transfer. (4) The quantity (in terms of cases) of each brand of the whiskey sold or transferred in the transaction reported.

(5) The special seller's ceiling price for the sale or transfer of the whiskey described in the report and his computation thereof.

(6) The total price which the buyer paid or contracted to pay for each brand of the whiskey sold or transferred, or if the transfer was made as a gift, a statement to that effect.

(7) The amount of all clearance charges which the special seller has paid with respect to the quantity of whiskey described in the report and the name and address of the persons to whom they were paid.

(8) Whether to the knowledge of the special seller, the buyer or transferee has paid or contracted to pay any commission, brokerage or fee in connection with the sale or transfer reported, and if known to the special seller, the amount thereof and the name and address of each person to whom payment thereof is to be or has been made. If the special seller has no knowledge of such commission, brokerage or fee which the buyer

paid or contracted to pay, the report shall so state.

tive" whiskey \$9.00 may be added to this resulting amount if the April 1, 1944 increase in Federal excise tax is paid with respect to the whiskey being priced.

For "Privilege" \$5.83, and for "Preroga-

1 \$5.83 may be added to this amount if the April 1, 1944 increase in Federal excise tax is paid with respect to the whiskey being priced.

<sup>2\$9.00</sup> may be added to this amount if the April 1, 1944 increase in Federal excise tax is paid with respect to the whiskey being

The report required by this paragraph need not be filed if the quantity of such whiskey sold or transferred by the special seller to the buyer or transferee (in all transactions with that buyer or transferee) totals less than one case.

SEC. 3. Ceiling prices for sales of "Privilege" and "Prerogative" whiskey by wholesalers—(a) Initial ceiling prices. The ceiling prices of a wholesaler for sales of "Privilege" or "Prerogative" whiskey to customers of a particular class shall be the appropriate amounts determined in accordance with section 5.4 (b) of Maximum Price Regulation 445 using \$15.17 per case for "Privilege" and \$23.25 per case for "Prerogative" whiskey, respectively, as his supplier's selling price (exclusive of state or local excise taxes) for purposes of determining his net cost for such whiskey he purchases from the trustee.

(b) Changes in ceiling prices. Wholesalers who receive purchases of either "Privilege" or "Prerogative" whiskey after receipt of their first purchase thereof from any seller shall refigure their ceiling prices for the particular brand, and such refigured ceiling prices shall become their ceiling prices therefor, all as provided in section 5.4 (c) of Maximum Price Regulation 445. For purposes of refiguring ceiling prices, any purchase of "Privilege" or "Prerogative" whiskey, but no purchase of any whiskey of a different brand name shall be deemed a "base purchase" thereof within the meaning of that section.

SEC. 4. Ceiling prices for sales of "Privilege" and "Prerogative" whiskey by monopoly states—(a) Initial ceiling prices. The initial ceiling prices of a monopoly state for sales of "Privilege" or "Prerogative" whiskey to customers of a particular class shall be the appropriate amounts determined in accordance with section 5.6 (b) of Maximum Price Regulation 445, using \$15.17 per case for "Privilege" and \$23.25 per case for "Prerogative" whiskey, respectively, as its supplier's selling price (exclusive of state excise taxes) for purposes of determining its net cost for such whiskey it purchases from the Trustee.

(b) Changes in ceiling prices. Monopoly states who receive purchases of either "Privilege" or "Prerogative" whiskey after receipt of their first purchases thereof from any seller shall refigure their ceiling prices for the particular brand, and such refigured ceiling prices shall become their ceiling prices of Maximum Price Regulation 445. For purposes of refiguring ceiling prices, any purchase of "Privilege" or "Prerogative" whiskey, but no purchase of any whiskey of a different brand name, shall be deemed a "base purchase" thereof within the meaning of that section.

Sec. 5. Ceiling prices for sales of "Privilege" and "Prerogative" whiskey by retailers—(a) Prices. The ceiling prices of a retailer for sales of "Privilege" or "Prerogative" whiskey per case shall be as follows:

(1) Sales to consumers—(i) Initial ceiling prices. The initial ceiling prices of a retailer for sales of "Privilege" or

"Prerogative" whiskey to customers of a particular class shall be the appropriate amounts adtermined in accordance with section 5.5 (b) of Maximum Price Regulation 445 using \$15.17 per case for "Privilege" and \$23.25 per case for "Prerogative" whiskey, respectively, as his supplier's selling price (exclusive of state and local excise taxes) for purposes of determining his net cost for such whiskey he purchases from the Trustee.

(ii) Changes in ceiling prices. Retailers who receive a purchase of either "Privilege" or "Prerogative" whiskey after receipt of their first purchase thereof from any seller shall refigure their ceiling prices for the particular brand, and such refigured ceiling prices shall become their ceiling prices for "Privilege" or "Prerogative" whiskey, respectively, all as provided in section 5.5 (c) of Maximum Price Regulation 445, except that a retailer shall use his "running weighted average net cost" instead of his "net cost for his most recent purchase" in determining his refigured celling prices for that whiskey. For purposes of refiguring ceiling prices, any purchase of "Privilege" or "Prerogative" whiskey, but no purchase of any whiskey of a different brand name, shall be deemed a "base purchase" thereof within the meaning of that section.

A retailer's "running weighted average net cost" means the amount obtained by:

(a) Détermining his net cost exclusive of the April 1, 1944 increase in Federal excise tax for each case of "Privilege" or "Prerogative" whiskey, respectively, in his stock on the date of his computation. If the retailer has received two or more shipments of the whiskey to be priced (exclusive of his most recent shipment) he shall use as his net cost for any of that whiskey remaining in his stock on the date of computation, his most recent running average weighted net cost for that whiskey.

(b) Adding together the resulting figures obtained at (a); and

(c) Dividing the sum obtained at (b) by the total number of cases of "Privilege" or "Prerogative" whiskey, respectively, he has in his stock.

(2) Sales to wholesalers, monopoly states and other retailers. The ceiling price of a retailer for sales of "Privilege" or "Prerogative" whiskey to wholesalers, monopoly states and other retailers shall be his "running weighted average net cost" for "Privilege" or "Prerogative" whiskey, respectively, at the date of sale.

(b) Records. Any retailer selling "Privilege" or "Prerogative" whiskey shall, for so long as the Emergency Price Control Act of 1942 remains in effect, keep available for inspection by the Office of Price Administration, records of the same kind as he customarily keeps and in addition thereto (unless his customary records so show) records showing separately for "Privilege" and "Prerogative" whiskey the date of each of his purchases of such whiskey, the name and address of the seller, the number of cases purchased, his net cost for the purchase and his computations of his running weighted average net cost for that whiskey.

Sec. 6. Ceiling prices for sales of packaged domestic whiskey by the Trustee. The appropriate ceiling prices provided by Appendix E, Article III, Maximum Price Regulation 445, are and shall be applicable to all sales of "Privilege" or "Prerogative" whiskey by the Trustee.

Sec. 7. Persons unable to determine ceiling prices. A person who cannot determine his ceiling price for a particular sale of "Privilege" or "Prerogative" whiskey under other provisions of this order shall apply by letter to the Office of Price Administration, Washington, D. C., requesting that a ceiling price be established for that sale. The letter shall contain statements setting forth:

(1) The name and address of the person making application.

(2) The quantity and brand name of the whiskey to be sold.

(3) The reason why a celling price for the sale cannot be determined under other provisions of this order.

After receipt of the application, the Office of Price Administration will by order authorize a ceiling price for the applicant or for sellers of the whiskey generally including purchasers for resale, or for a class of such sellers. Until a ceiling price is authorized, the applicant may make the sale and deliver the whiskey but he may not receive any payment for it.

Sec. 8. Reports by the Trustee—Trustee's report of sales of "Privilege" and "Prerogative" whiskey. Within 15 days after his first shipment of "Privilege" or "Prerogative" whiskey pursuant to any purchase, and bi-monthly thereafter, until 15 days after his last shipment, the Trustee shall report all his shipments of "Privilege" and "Prerogative" whiskey during the preceding period to the Office of Price Administration, Washington, D. C. Such reports shall be in writing, signed by the Trustee and shall contain statements showing, with respect to each shipment:

- (1) The name and address of the purchaser.
- (2) The name and address of the consignee.
- (3) The date on which shipment was made.
- (4) The quantity (in cases) of each brand of whiskey.

SEC. 9. Notice of this order to be given by the Trustee. At or prior to his first shipment of any "Privilege" or "Prerogative" whiskey pursuant to a particular purchase order, and to a particular consignee, the Trustee shall notify the purchaser (and the consignee if he be a person other than the purchaser) of the provisions of this order, by delivering or mailing a copy thereof to such persons. Only one such notice need be given to a particular purchaser or consignee.

Sec. 10. Ceiling prices for clearing— (a) Prices. Ceiling prices for clearing "Privilege" and "Prerogative" whishey shall be as follows:

(1) Clearing by wholesalers or retailers. A wholesaler's or retailer's ceiling price for clearing "Privilege" or "Prerogative" whiskey shall be \$1.00 per case.

(2) Clearing by monopoly states. A monopoly state's ceiling price for clearing "Privilege" or "Prerogative" whiskey

<sup>&</sup>lt;sup>3</sup>Footnote on p. 4167.

shall be the amount produced by subtracting from \$15.17 per case for "Privilege" or \$23.25 per case for "Prerogative" whiskey the sum of \$3.91 or \$6.00 respectively, and multiplying the resulting figure by the highest percentage in use during March 1942 for the monopoly state's sales of domestic whiskey to a customer of the same class as the purchaser, according to the statute, ordinance or regulation then prescribing its marktup.

(3) Prohibition. No consideration or markup in excess of the appropriate amounts stated in subparagraphs (1) and (2) of this paragraph may be changed, received or paid for clearing.

(b) No charge for clearing in certain instances. No wholesaler, retailer or monopoly state purchasing "Privilege" or "Prerogative" whiskey which he has cleared shall charge, or retain a payment previously received for clearing the whiskey so purchased. If a clearing charge has been made or received by the purchasing wholesaler, retailer or monopoly state with respect to the whiskey so purchased, such charge shall be cancelled, or if paid, shall be refunded to the seller or his nominee.

"Clearing" means the service performed by a wholesaler, retailer or monopoly state in receiving "Privilege" or "Prerogative" whiskey sold by the Trustee to a person exercising an option to purchase that whiskey under the Trust Indenture under which the Trustee acts, and delivering the whiskey to or for the account of that person, his nominee or his successor in interest. The term also includes handling incident to receipt and delivery. Receiving and delivering such whiskey as a nominal purchaser, for accommodation of another, shall be deemed "clearing."

Sec. 11. License, brokerage and other fees. No person may add to or increase his ceiling prices for "Privilege" or "Prepagative" whiskey provided in this order, because of any sum paid for licenses, permits, clearing service, brokerage, finder's fees, shares of stock, stock transfer taxes, assignments of purchase privileges or orders or for other expense not specifically provided for under sections 2 through 6 of this order.

SEC. 12. Terms of sale. If a seller directly or indirectly requires a purchaser to make or furnish any payment in advance of delivery of "Privilege" or "Prerogative" whiskey, or the rendition of a service for which a ceiling price is established by this order, whether to the seller or to another person, the seller's ceiling price for that whiskey or service shall be reduced by an amount equal to interest at the rate of 5% per annum on the amount of the advance payment from the date the payment is made to the date on which the item is delivered or the service supplied, or the payment is refunded to the purchaser.

SEC. 13. Miscellaneous. (a) To the extent consistent with this order, the appropriate provisions of Maximum Price Regulation 445 are incorporated herein and shall apply to sales of "Privilege" and "Prerogative" whiskey by the sellers described herein.

(b) The provisions of this order shall not operate to make lawful or to permit any sale or transfer, or handling or dealing in "Privilege" or "Prerogative" whiskey otherwise prohibited or controlled by Federal, state or local laws, ordinances or regulations, and shall not be deemed a recognition of the validity of the Trust Indenture under which the Trustee acts, or a determination of his relationship to The American Distilling Company.

(c) This order may be revoked or amended by the Price Administrator at any time.

This order shall become effective April 17, 1944.

Note: All reporting and record-keeping requirements of this order have been approved by the Bureau of the Budget, in accordance with the Federal Reports Act of 1942.

(56 Stat. 23, 765; Pub. Law 161, 78th Cong.; E.O. 9250, 7 F.R. 7871; E.O. 9328, 8 F.R. 4681)

Issued this 15th day of April 1944.

CHESTER BOWLES,

Administrator.

[F. R. Doc. 44-5360; Filed, April 15, 1944; 12:02 p. m.]

# WAR FOOD ADMINISTRATION.

[License No. 32]

MILK IN TWIN-CITIES, MINN., SALES AREA
ORDER TERMINATING LICENSE

The license for milk in the Twin Cities, Minnesota, sales area, issued by the Secretary of Agriculture on February 12, 1934, pursuant to the powers vested in him by the terms and provisions of Public Act No. 10, 73d Congress, May' 12, 1933, is hereby terminated effective as of the date of the execution hereof.

Done at Washington, D. C., this 18th day of April 1944.

THOMAS J. FLAVIN,
Assistant to the
War Food Administrator.

[F. R. Doc. 44-5430; Filed, April 18, 1944; 11:16 a. m.]